ธนาคารยูโอบี รัตนสิน จำกัด (มหาชน)

UOB RADANASIN BANK PUBLIC COMPANY LIMITED

(A SUBSIDIARY OF UNITED OVERSEAS BANK LIMITED)

ANNUAL REPORT 2003

GROWING with you

Supportive
Proactive Open
Thorough

Supportive We work as a team to create winning solutions for our customer and colleagues.

Proactive We go the extra mile to exceed the expectations of our customers and colleagues.

Open We value feedback and ideas and maintain open channels of communication.

Thorough We leave no stone unturned in our quest for excellence and quality service.

GROWING with you

In 2003, United Overseas Bank (UOB) launched its SPOT value drivers. SPOT - the acronym for Supportive, Proactive, Open and Thorough - is the driving force that will deliver the UOB Group's promise to help our customers grow their wealth, our shareholders grow their returns, and our employees grow their aspiration.

UOB RADANASIN BANK PCL

(A SUBSIDIARY OF UNITED OVERSEAS BANK LIMITED)

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BRIEF PROFILE

UOB Radanasin Bank, established on November 29, 1999, is a member of the United Overseas Bank (UOB) Group, one of the leading banking groups in Singapore with 248 branches and offices worldwide.

The Bank was the result of the success of the UOB Group in purchasing 75% of the Bank from the Bank of Thailand in November 1999. Prior to this, the Bank operated as Radanasin Bank, a government owned bank under the purview of the Financial Institutions Development Fund (FIDF). In July 2002, the Bank increased its paid up capital by 1.5 billion Baht and the shareholding of UOB Group increased to 78.83%.

The Bank offers a range of banking and financial services to individuals, corporations and financial institutions. As at December 31, 2003 the Bank operated through 36 branches, 27 located within Bangkok and the rest in up-country Thailand, and employed 1,244 people.

OUR MISSION STATEMENT

The mission of UOB Radanasin Bank is to build a financial service franchise in Thailand focusing on personal financial services, trade finance services, lending to large corporations and treasury services, with commitment to delivering customer satisfaction, promoting people development, building financial strength, and achieving sustainable earnings that enhance shareholder value.

The Bank leverages the relationship with the UOB Group in its business and operational systems development, and strives to differentiate itself in the market through providing service and value adding solutions to the customers it serves.

FINANCIAL HIGHLIGHTS

(Unit : Million Baht)

Financial Highlights (as at 31 December)	**2003**	**2002**	**2001**
Total assets	**56,182**	50,664	54,929
Total loans	**46,067**	44,803	48,387
Total liabilities	**52,029**	46,594	52,200
Total deposits	**43,536**	35,022	42,394
Paid-up share capital	**9,847**	9,847	8,347
Total shareholder's equity	**4,153**	4,070	2,729

Operating Performance	**2003**	**2002**	**2001**
Total interest and dividend income	**2,420**	2,027	1,746
Total interest expense	**806**	1,212	1,547
Net interest and dividend income	**1,614**	815	199
Net Gain (loss)	**86**	(194)	(669)
Basic gain (loss) per share (Baht)	**0.09**	(0.21)	(0.80)

Financial Ratios	**2003**	**2002**	**2001**
Gross Profit Ratio (%)	**56.86**	39.67	12.54
Net profit to total income ratio (%)	**2.88**	(6.93)	(26.08)
Return on average equity (%)	**2.10**	(5.70)	(21.91)
Return on average assets (%)	**0.16**	(0.37)	(1.23)
Capital adequacy ratio (%)	**12.77**	14.24	12.84
Dividend per share (Baht)	**-**	-	-
Book value per share (Baht)	**4.22**	4.13	3.27
Par value per share (Baht)	**10.00**	10.00	10.00
Total number of employees	**1,244**	1,196	1,139
Total number of branches	**36**	36	37

Wee Cho Yaw
Chairman

2003 Performance

The Thai economy performed impressively in 2003, with the combination of increased exports and strong domestic demand acting as key drivers of a 6% GDP growth. UOB Radanasin Bank benefited from the booming economy. On the back of a 38% growth in its loan portfolio and lower cost of fund, the Bank achieved a net profit of B86 million, the first since UOB acquired the Bank in late 1999.

The franchise growth of the Bank in 2003 had been quite balanced, and reflected the economic segments that helped underpin the growth of the national economy. Lending to the large corporations, particularly those operating in the export oriented sector, grew strongly. The Bank's trade finance and service business continued to experience robust expansion, with total related transactions growing more than 20% year on year. This trend is expected to continue as Thailand positions itself to be a stronger exporting nation.

A booming residential property market, coupled with low interest rates and rising consumer confidence, saw the Bank's housing loan business that targeted the middle class families living in Bangkok and its vicinity grow by more than 50% during the year.

During the year the Bank put added focus on risk management that it recognizes to be a critical success factor as well as a key earnings driver. Risk management related polices and practices were subject to ongoing review, especially in the areas of delinquent account management. In this area, the Bank continued to draw on the expertise, experience and resource from the UOB Group.

2004 Outlook

The December 2003 economic data augur well for Thailand. With manufacturing utilization standing at 72%, the economic expansion has probably reached a stage requiring new manufacturing capacity investments by the private sector. Therefore, we are likely to see stronger private investment growth in 2004 creating higher demand for bank credit as well as more new jobs and income.

Exports are projected to grow 13-15% in 2004, based on the premise that Thailand's major trading partners, China and the US, are expected to continue to grow strongly. Domestic interest rates are anticipated to be stable, and consumer confidence will stay positive.

All the above suggest another good year for Thailand in 2004, with exports, private investments and consumer spending acting as the key pillars. As with 2003, such an environment would provide many opportunities for growth and profit for the Bank. To ensure that it is well positioned to take advantage of the opportunities, the Bank will continue to improve its product offering and internal infrastructure to provide good customer service.

In response to the growing balance sheet, and to have a competitive lending limit to serve our customers, the Board in February this year approved for shareholder consideration an increase in paid up capital of the Bank by another B3 billion. This increase should be effected later this year after shareholder approval is received.

Appreciation

I would like to take this opportunity to thank the Board of Directors for their wise counsel, the management and staff for their hard work, and the Bank's customers for their continual support.

In particular, I would like to record the Board's appreciation to Khun Saowanee Suwannacheep and Mr. Lee Wai Fai who stepped down as directors of the Bank during the year. I also welcome Khun Nongnart Sondysuvan and Mr. Lee Chin Yong to the Board.

Wee Cho Yaw
Chairman
March 2004

BOARD OF DIRECTORS

First row from left to right : Mr Wee Cho Yaw, Mr Wee Ee Cheong, Mr Gan Hui Beng, Mr Samuel Poon Hon Thang, Mr Lee Chin Yong

Second row from left to right : Ms Nongnart Sondysuvan, Ms Povongtip Poramapojn, Miss Prapai Arayarungsarit, Dr Pongsak Hoontrakul, Ms Kong Yim Pui

Mr Wee Cho Yaw
Chairman & Chairman of Executive Committee

Mr Wee Ee Cheong
Deputy Chairman & Deputy Chairman of Executive Committee

Mr Gan Hui Beng
Managing Director & Chief Executive Officer

Mr Samuel Poon Hon Thang
Director

Mr Lee Chin Yong
Director (appointed since May, 2003)

Ms Nongnart Sondysuvan
Director (appointed since November, 2003)

Ms Povongtip Poramapojn
Director

Miss Prapai Arayarungsarit
Director and Chairperson of the Audit Committee

Dr Pongsak Hoontrakul
Director and Audit Committee member

Ms Kong Yim Pui
Director and Audit Committee member

Board of Directors

Name	Position	Work Experience
Mr Wee Cho Yaw	Chairman	Present Positions Chairman of • United Overseas Bank Limited • United Overseas Insurance Limited • Far Eastern Bank Limited • United International Securities Limited • Haw Par Corporation Limited • Hotel Plaza Limited • Overseas Union Enterprise Limited • United Overseas Land Limited • Singapore Land Limited and its subsidiary • Marina Centre Holdings Pte Ltd • United Industrial Corporation Limited Member • The Asia-Pacific Advisory Committee, New York Stock Exchange Honorary President • Singapore Chinese Chamber of Commerce & Industry
Mr Wee Ee Cheong	Deputy Chairman	Present Positions Deputy Chairman and President of United Overseas Bank Limited & Far Eastern Bank Limited Director of • United Overseas Bank Limited • Far Eastern Bank Limited • United Overseas Insurance Limited • United International Securities Limited • United Overseas Land Limited • Hotel Plaza Limited • Visa International (Asia Pacific Regional Association) • The Institute of Banking & Finance (Singapore) Council Member of : • The Association of Banks in Singapore • Singapore Chinese Chamber of Commerce & Industry

*Notes : Directors have **No** Shares Increase (Decrease) in 2003*

Board of Directors

Name	Position	Work Experience
Mr Gan Hui Beng	Managing Director & Chief Executive Officer	Present Positions • Managing Director & Chief Executive Officer, UOB Radanasin Bank Pcl Past Positions • Citibank Vice President • Business Development Director, Citibank Asia Pacific Consumer Banking • Regional Treasury Director, South Asia, Citibank Consumer Banking
Mr Samuel Poon Hon Thang	Director	Present Positions • Head of Institutional & Individual Financial Services, United Overseas Bank Limited Director of • United Overseas Bank (Malaysia) Berhad • United Oversaes Bank Philippines Limited • United Overseas Finance (Malaysia) Berhad • UOB Travel Planners Pte Ltd • UOB Venture Management Private Limited • Affin - UOB Holding Sdn Berhad • UOB Warehouse Private Limited • UOB-Kay Hian Holdings Limited
Mr Lee Chin Yong (appointed since May, 2003)	Director	Present Positions • Head of International, United Overseas Bank Limited, Director of • PT Bank UOB Indonesia • United Overseas Bank (Malaysia) Berhad • United Overseas Bank Philippines Limited • United Overseas Finance (Malaysia) Berhad • UOB Asia Limited • Uni.Asia Capital Sdn Berhad • Uni.Asia Life Assurance Berhad

*Notes : Directors have **No** Shares Increase (Decrease) in 2003*

Board of Directors

Name	Position	Work Experience
Ms Nongnart Sondysuvan (appointed since November, 2003)	Director	Present Positions • Assistant Governor, information System, Bank of Thailand Past Positions • Bank of Thailand - Senior Director, Data Management Group - Senior Director, Onsite Examination Department 1, Supervision Group - Senior Director, Accounting Group
Ms Povongtip Poramapojn	Director	Present Positions • Director, Business and Financial Operation Office, Bank of Thailand Past Positions • Bank of Thailand - Senior Executive,Business and Financial Operation Division - Chief Officer, Business Section, Fund Management Department - Analyst, Bank Supervision and Examination Department - Executive Secretary, Thanasarn Investment Company
Miss Prapai Arayarungsarit	Director & Chairperson of the Audit Committee	Present Positions • Chair Person of the Audit Committee and Independent Director, UOB Radanasin Bank Pcl Past Positions • Deputy Director - General, Revenue Department • Completed Training Course Directors Certification Program (DCP) from Thai Institute of Directors Association (IOD)
Ms Kong Yim Pui	Director & Audit Committee Member	Present Positions • Managing Director, Compass LLC member (from 1 February 2004) • Partner, Rodyk & Dividson (up to 31 January 2004) Past Positions • Partner, Helen Yeo & Partners • Partner, Kenneth Tan, Kong & Tan

*Notes : Directors have **No** Shares Increase (Decrease) in 2003*

Board of Directors

Name	Position	Work Experience
Ms Kong Yim Pui	Director & Audit Committee Member	• Partner, Shook Lin & Bok • Legal Manager, Pontiac Group • Legal Assistant, Shook Lin & Bok
Dr Pongsak Hoontrakul	Director & Audit Committee member	Present Positions • Research Fellow at SASIN of Chulalongkorn University, Thailand • Principle Founder & CEO of Taipan1.com Limited, and A2Z Travel Co., Ltd, Thailand • A Director of the International Advisory Council of the Schulich School of Business, York University, Toronto, Canada Past Positions • Director of SCB Research Institute Limited, Thailand • Advisor to the Management Board, Siam Commercial Bank • Director of National Finance Pcl, Thailand • Director and Secretary - General of the Advisory Board of Siemens Limited, Thailand
Mr Lee Wai Fai	Director	Present Positions • Senior Vice President, Corporate Services (Finance), United Overseas Bank Limited Director of • UOBGC General Partners Limited • Sunwise Pte Ltd • Walden A B Ayala Management Co. Inc (Philippines)
Ms Saowanee Suwannacheep (Resigned since November, 2003)	Director	Past Positions • Bank of Thailand - Assistant Governor, information System - Senior Director, Payment System Group - Director, Payment System Department - Director, Information Technology Department

*Notes : Directors have **No** Shares Increase (Decrease) in 2003*

Management

Name	Head of :	Previous Work Experience	Education
Mr Steven Ngeo Swee Guan	Commercial Banking	• First Vice President, Corporate Banking Division, United Overseas Bank Limited (Singapore) • Head, Corporate Banking Division, United Overseas Bank (Malaysia) Berhad	• Bachelor of Arts, National University of Singapore
Ms Wanna Thamsirisup	Personal Financial Services	• Senior Vice President, Private Client Group, Merrill Lynch Phatra Securities Co., Ltd • Vice President, Chief Credit & Operations Consumer Financial Services, The Chase Manhattan Bank (Thailand) • Senior Vice President, Operations Department (Finance Business), Nithipat Finance and Securities Company Pcl • Vice President, Share Finance and Distribution Department, Citibank N.A. (Thailand)	• Bachelor of Accounting, Thammasat University • Higher Diploma in Auditing Thammasat University
Mr Parankoon Waiyahong	Branches	• Business Consultant, Preecha Group Pcl • Senior Vice President, AIG Finance (Thailand) Pcl • Senior Executive Vice President, Vajiradhanathun Finance Company • Senior Vice President (Business Finance) and Risk Management Director, Nithipat Capital Pcl • Manager (Community Banking Department), Citibank, N.A. (Bangkok)	• Master of Art, International Politics and Economics, University of Detroit, Michigan, USA
Ms Patchanee Sutheevitanunt	Treasury	• Senior Vice President, Treasury Department, Radanasin (1998) Bank Pcl • Executive Vice President, Liabilities Management Group, Thana One Finance & Securities Co., Ltd • Vice President, Citibank N. A. (Thailand)	• Master of Art (Psychology), Spalding University. (Kentucky), USA • Bachelor of Arts (Honors), Thammasat University • Graduate study (Scholarship), Temple University, USA

*Notes : Management has **No** Shares Increase (Decrease) in 2003*

Management

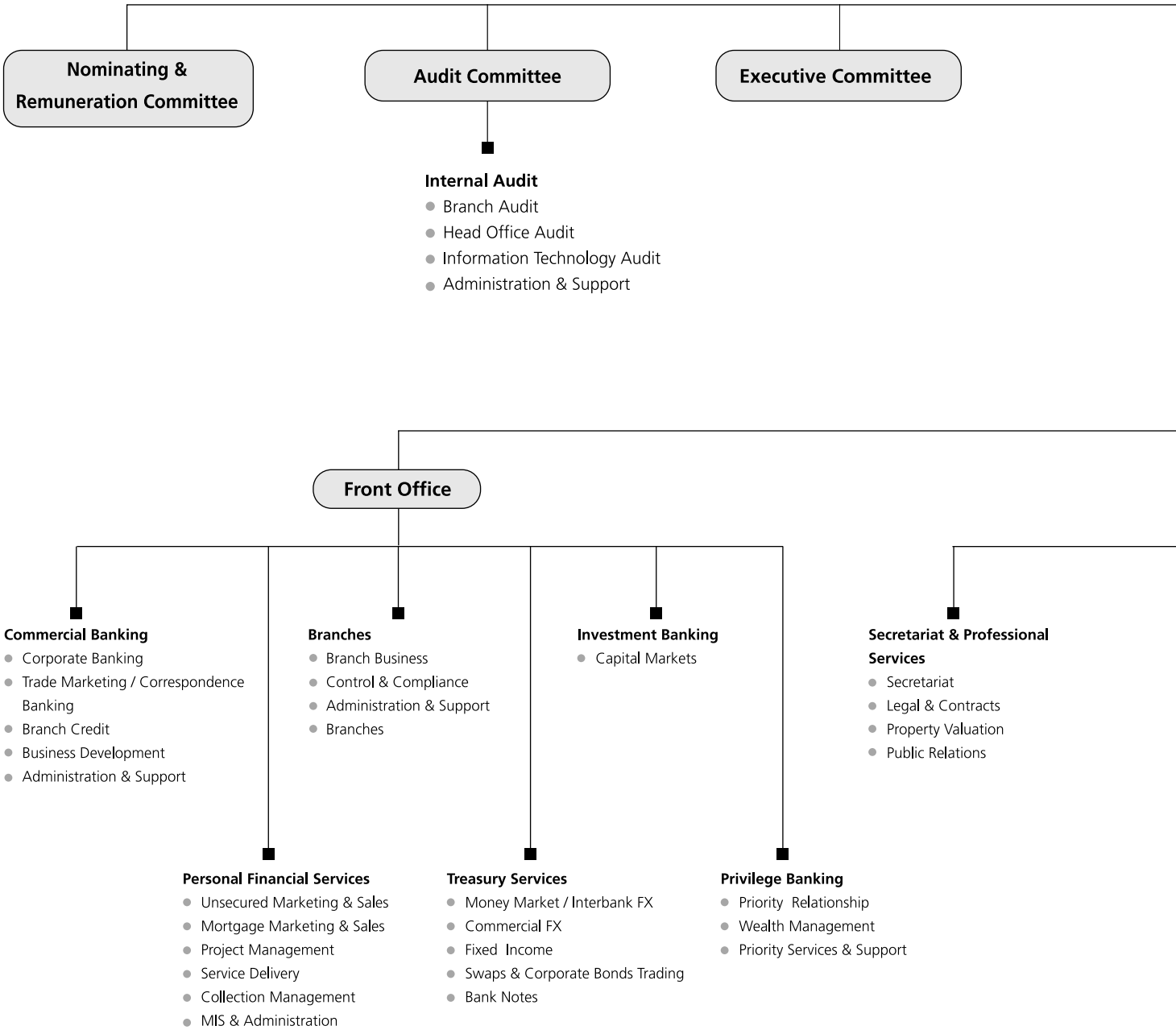
Name	Head of :	Previous Work Experience	Education
Miss Thanomsri Wongviwatchai	Privilege Banking	• Assistant Vice President, Funding Department Radanasin (1998) Bank Pcl • Manager, Marketing Department National Asset Management Co., Ltd • Vice President, Funding Department General Finance and Securities Pcl • Team Head, Funding Department A.G.C. Finance (Thailand) Westpac Bank Group	• Master of Business Administration, University of the Thai Chamber of Commerce
Mr Lek Ruangnaovarat	Internal Audit	• Senior Vice President, Internal Audit Department, Radanasin (1998) Bank Pcl • Senior Vice President, Accounting & Finance Department and Internal Audit Office, Thai Summit Finance & Securities Co., Ltd • Head, Securities Operation Department Siam City Credit and Finance Co., Ltd • Head, Audit Analyst and Development Division, The Siam Commercial Bank Pcl	• Master of Business Administration, National Institute of Development Administration • Bachelor of Accounting, Commercial and Accounting Faculty, Chulalongkorn University
Mr Paniti Chantanakomes	Secretariat & Professional Services	• Director, Jones Lang Wootton • Senior Credit officer, Banque Indosuez • Director, Hill Samuel Investment Services, England • Auditor, Deloitte Haskins & Sells, England	• Bachelor of Science (Hons) Economics and International Politics, University college of Weles, United Kingdom
Ms Sirisin Phongtratik	Financial Control	• Senior Vice President, Financial Control & Compliance Division, Bank of Asia Pcl • Financial Controller, HSBC (Hongkong Bank) Bangkok Branch • Manager, Financial Reporting & Budgeting Department, American International Assurance Co., Ltd Thailand	• Master of Management, Sasin Graduate Institute of Business Administration • Bachelor of Accountancy, Chulalongkorn University

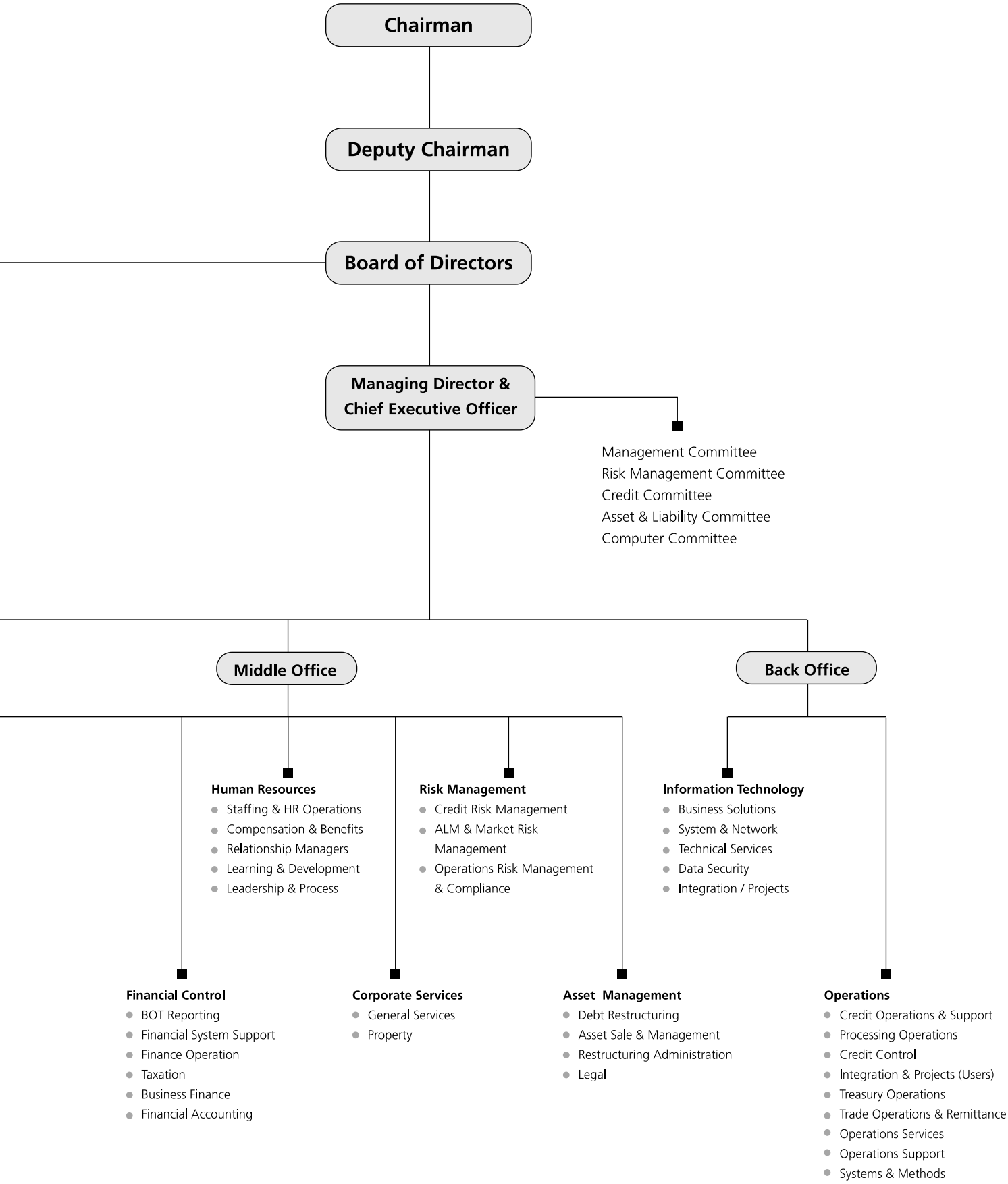
*Notes : Management has **No** Shares Increase (Decrease) in 2003*

Management

Name	Head of :	Previous Work Experience	Education
Mr Lim Keng Teck	Human Resources	• Vice President, Country Human Resources, Citibank N.A. (Singapore) • Manager, Operations & Branches, American Express International (Singapore) • Manager, Intercontinental Hotels, (Singapore)	• Master of Business Administration, University of Honolulu, Hawaii, USA • Bachelor of Science (Travel Industry Management), Brigham Young University, Hawaii, USA
Miss Poranee Dabbaransi	Corporate Services	• Senior Vice President, Credit Administration Department, Radanasin (1998) Bank Pcl • Assistant Managing Director, Corporate Operation Group, The Book Club Finance and Securities Pcl • Vice President, Operation Division, Siam Industrial Credit Finance and Securities Pcl	• Bachelor of Accountancy, Chulalongkorn University
Mr William Chong Kim Khong	Risk & Asset Management	• Vice President, Corporate Banking Division, United Overseas Bank Limited (Singapore) • Senior Credit Officer, Commercial Loan Department, DBS Bank (Singapore)	• Bachelor of Business (Hons), Nanyang Technological University, Singapore
Mr Tawatchai Sillamut	Information Technology	• Vice President, IT Department, Radanasin (1998) Bank Pcl • Senior Manager, The Book Club Finance & Securities Pcl • General Manager, Business Information Technology Services Ltd • MIS Manager, Worachak International Ltd • Associate Director, Cooper & Lybrand Associates	• Master of Business Administration, Thammasat University • Bachelor of Science (Statistics), Chulalongkorn University

*Notes : Management has **No** Shares Increase (Decrease) in 2003*


Nominating & Remuneration Committee
Audit Committee
Executive Committee
Internal Audit
Branch Audit
Head Office Audit
Information Technology Audit
Administration & Support
Front Office
Commercial Banking
Corporate Banking
Trade Marketing / Correspondence Banking
Branch Credit
Business Development
Administration & Support
Branches
Branch Business
Control & Compliance
Administration & Support
Branches
Investment Banking
Capital Markets
Secretariat & Professional Services
Secretariat
Legal & Contracts
Property Valuation
Public Relations
Personal Financial Services
Unsecured Marketing & Sales
Mortgage Marketing & Sales
Project Management
Service Delivery
Collection Management
MIS & Administration
Treasury Services
Money Market / Interbank FX
Commercial FX
Fixed Income
Swaps & Corporate Bonds Trading
Bank Notes
Privilege Banking
Priority Relationship
Wealth Management
Priority Services & Support


Chairman
Deputy Chairman
Board of Directors
Managing Director & Chief Executive Officer
Management Committee
Risk Management Committee
Credit Committee
Asset & Liability Committee
Computer Committee
Middle Office
Back Office
Human Resources
Staffing & HR Operations
Compensation & Benefits
Relationship Managers
Learning & Development
Leadership & Process
Risk Management
Credit Risk Management
ALM & Market Risk Management
Operations Risk Management & Compliance
Information Technology
Business Solutions
System & Network
Technical Services
Data Security
Integration / Projects
Financial Control
BOT Reporting
Financial System Support
Finance Operation
Taxation
Business Finance
Financial Accounting
Corporate Services
General Services
Property
Asset Management
Debt Restructuring
Asset Sale & Management
Restructuring Administration
Legal
Operations
Credit Operations & Support
Processing Operations
Credit Control
Integration & Projects (Users)
Treasury Operations
Trade Operations & Remittance
Operations Services
Operations Support
Systems & Methods

THE THAI ECONOMY IN 2003 AND THE OUTLOOK FOR 2004

The Thai economy was one of Asia's best performing economies in 2003, powered by strong exports and burgeoning domestic consumer demand. During the year, the Thai economy successfully battled through the SARS epidemic and the US-Iraqi war that were expected to adversely impact the Thai tourism industry, a major economic pillar of Thailand's recovery. With hindsight, both adverse events left the Thai economy relatively unscathed. When the final year-end results are tallied, Thailand is expected to have achieved GDP growth of 6.0-6.5% in 2003.

Thailand has fully recovered from the devastation of the Asian economic crisis and has emerged as a leading economic player in the region. The consensus outlook for 2004 is also optimistic, with GDP growth expected to continue growing between 6% and 7%.

Government statistics in December revealed continued expansion of exports and domestic consumption. More importantly industrial capacity utilization had risen to 72%, up from 62% in November 2002. With continuing economic recovery in 2004, most observers expect that Thailand's industrial capacity utilization will continue rising.

Economists estimate that new broad-based investments will be triggered once industrial capacity utilization hits 80%. Already in 2003, certain industrial sectors such as canned food and integrated circuit manufacturing reached factory utilization levels that justified new capital investments.

The country's broad export base continued to benefit greatly from a competitive Thai baht and strong demand from China and ASEAN countries, that helped offset flat growth in exports to the US, still Thailand's largest trading partner.

Buoyed by numerous Thai-government initiatives, consumer demand continued to drive the economy in 2003. With a low-interest rate environment and fiscal stimulus underpinning domestic consumer demand, consumer sentiment ended at an all time high at the end of 2003.

The Stock Exchange of Thailand, which was the region's best performing stock exchange in 2003, was another force which contributed to all-time-high sentiment levels. Automobile sales, home sales and consumer goods were all on Thai shopping lists in 2003.

The Thai economy continues to show strong fundamentals in other key areas. Unemployment has been reduced to 1-2%, with the largest employment sector, agriculture enjoying the benefit of firm farm prices. Inflation in Thailand remains moderate at around 1%, with the core rate close to zero.

During 2003, Thailand continuously showed that its economy was recovering nicely from the unprecedented 1997 financial crisis. In mid-year, the government repaid its International Monetary Fund loan ahead of schedule.

The country's current account at year-end remained in a healthy surplus, with official reserves standing at US$42 billion. With rising official reserves and foreign currency assets held by the financial sector, Thailand has emerged from the 1997 financial crisis to be a net creditor nation.

Thailand's 2004 economic outlook is optimistic. Continuing US economic recovery and China's continuing explosive growth will buoy the Thai economy's growth. Most observers expect that Thai exports will grow between 13% to 15% in 2004.

With a global low-interest rate environment expected to persist through 2004, Thai consumer sentiment is expected to continue underpinning domestic consumption and demand. Interest rates in Thailand are expected to remain benign through most of 2004, especially with excess liquidity of B500 billion in the system. Bank credit is expected to grow in line with stronger private investments.

TRENDS IN THE THAI BANKING ENVIRONMENT

During 2003 the banking industry in Thailand benefited generally from the growing economy, and continued to reflect improvement with respect to earnings and non performing loan (NPL) management. Overall, most Thai banks improved their performance and returned to profitability, but the banking industry as a whole had yet to fully capitalize on the improved economic environment. In spite of the stellar economic performance in 2003, the Thai banking environment continued to be characterized by intense price competition, with credit worthy borrowers and performing loans under constant threat of being refinanced by other financial institutions.

Some of the remaining vestiges of the 1997 economic crisis still acted as a counter weight to the banking industry growth. Excess manufacturing capacity resulting from the heady pre-crisis years muted private investment even though production was being increased to keep up with economic growth. Weak private investment momentum presented the banking industry with limited lending opportunities. The end result was a banking system that continued to be awash with excess liquidity estimated at about B500-600 billion at the end of the year. The unused liquidity subsequently depressed bank deposit rates to an all time low in the second half of the year.

Low interest rates, combined with rising consumer confidence fueled by an optimistic economic outlook, greatly boosted domestic demand and consumer spending that together acted to further underpin growth and expansion of the economy. Like bees attracted to honey, more commercial banks in Thailand started to focus on providing financial services to consumers, again using price as their main weapon to acquire new accounts and gain market share. Meanwhile, existing players in consumer lending attempted to consolidate their positions through aggressive marketing and promotions. Consequently, products like housing loans, credit cards and personal loans grew strongly throughout the year in support of the rapid recovery in the residential real estate sector and consumer spending. During the year, land transactions for new home construction rose by a staggering 39%. However, in spite of its huge growth in 2003, consumer loans still only account for 20-25% of total bank lending.

Although it was largely responsible for intensifying price competition within the banking industry, the low interest rates helped the industry to boost earnings through net interest margin improvements. The industry continued to strengthen its balance sheet through higher earnings, provisions and judicious transfer of NPLs to appropriate asset management organizations. NPLs in the banking sector dropped to their lowest level (12.8% of total outstanding credit) at the end of the year, since the financial crisis. Notwithstanding this improvement, bank management remains preoccupied with resolving crisis era NPLs.

The growth trends in the banking industry had not escaped the eyes of the Bank of Thailand (BOT) which announced recently that going forward its priority would be to ensure the stability of the economy. To this end, it expressed the need for surveillance on lending to the real estate sector, asset inflation, and household debt level. Should the warning signs surface, the banking industry can expect further regulation and tightening by the BOT.

Barring unforeseen circumstances (like the SARS outbreak), the Thai economy is expected to turn in another year of strong performance in 2004, with exports, investment and consumer spending being the key drivers. Interest rates are expected to stay low, with any rise being modest and at tail end of the year. This scenario augurs well for the banking industry, and should lead to meaningful lending growth as well as continuation of profitability.

The avian flu outbreak announced by the Thai government in January this year is expected to be brought under control within 60 to 90 days, and it is not expected to have material impact on exports and economic growth for the year.

In 2003, UOB Radanasin Bank focused on the judicious expansion of its financial service franchise and loan portfolio within Bangkok and nearby provinces, and selected regions outside of this area. Management continued its dual challenge of growing the business franchise while enhancing infrastructure to improve efficiency and customer service. The Bank also continued to leverage the UOB relationship in terms of successful transfer of products and practices, as well as referral of overseas investors seeking the service of a bank within Thailand. The Bank continued to position itself as being service oriented, value adding in customer solution and capable of servicing customers both within and outside of Thailand (through the UOB network).

The Bank closed the year with a net profit of B86 million, compared to a net loss of B194 million in the previous year. Loan volume growth and lower cost of funds that significantly increased net interest income were the main drivers of the turnaround in 2003.

In response to the balance sheet growth of the Bank, as well as to have a competitive single lending limit to serve valued customers, the Board at its meeting in February 2004 approved to recommend for shareholder approval an increase in paid up capital by B3 billion through a rights issue.

Franchise Building

Overall, the Bank benefited from the country's strong economic performance in 2003. The Bank closed the year with a loan portfolio of B37 billion, a 38% year on year improvement. The expansion underlying the portfolio closely mirrored the economic segments driving the main economy. Loans to consumers and housing purchasers, together with lending to the export oriented sector and trade finance, accounted for the main share of the Bank's loan portfolio.

Corporate lending grew 14% during the year, with notable growth from packing credit, trust receipt, working capital and term loans. Throughput of trade service related transactions, particularly letters of credit, trade finance and export bills negotiation, grew significantly during the year, reflecting the country's strong export performance. The Bank expects lending to the export oriented and trading sectors to continue to be strong in 2004 given the strong export projections by the Commerce Ministry. After four years of strictly targeting large and emerging large local corporations, the Bank would, in the current year, look to serve medium sized companies with a sound business franchise that are reasonably well managed and strong financially. The Bank plans to leverage its corporate customer base in pursuing this additional source of lending.

Personal Financial Services (PFS) had a very successful year in providing housing loans to home purchasers. The continuation of the tax incentives in home purchase in 2003 helped to underpin the growth of the residential housing market, with the single house segment enjoying a boom. The Bank exceeded its housing loan target of B6 billion, and closed the year with a housing loan portfolio that was significantly higher than the previous year. The residential property market has been projected to stay strong for the next 2-3 years, and the Bank would position itself appropriately to take advantage of this trend. The recently announced measures by the Bank of Thailand to cap lending margin on property purchase in excess of B10 million, and the monitoring of lending to the real estate sector, should work to greatly reduce the risk of an asset bubble.

Following a slow period brought on by the SARS crisis and the need to monitor the credit performance of customers, the Bank resumed credit card marketing and sales in the second half of the year to improve new account acquisition as well as stimulate card usage by existing members. Results achieved were encouraging, with cards in force at year end being 23% higher than 2002, accompanied by a 24% increase in receivables. The Bank also introduced a personal loan product in the early part of the year targeting a defined demographic group.

Treasury had a year of mixed fortunes. Declining interest rates in the first half of the year provided many opportunities for profitable fixed income trading. This segment, however, slowed dramatically in the latter half when concerns over future interest rate direction and switching by investors to the booming stock market caused the yield curve to rise, leading to decline in trading volume. On the other hand, commercial foreign exchange demand by the Bank's corporate customers continued to feed Treasury with a source of active business. To facilitate growth in this area, the Bank is working to install a more sophisticated treasury system to enhance front end and back end treasury management, as well as establish an appropriate middle office to strengthen internal control.

Following up on the success in acquiring the mutual fund selling agent license in 2002, the Bank successfully obtained the insurance brokerage license in the middle of the year. Both of these licenses are important to the Bank as it builds its wealth management service capability to serve the investment needs of the middle income segment and higher.

People Development

The Bank closed the year with a staff force of close to 1250 people. New hiring during the year continued to be paced and determined by business growth and needs. The growing economy and resumption of hiring in the financial service industry required the Bank to respond proactively to a tightening labour market. The Bank defined its critical position configuration, and made strategic recruitment to ensure that key management positions were staffed with the right experience and also to enhance bench strength. The majority of recruitment during the year was to fill gaps within the front and back offices in response to business needs.

Going forward, the Bank plans to use training and development as a differentiating factor to help attract new, as well as retain, existing talents in the Bank. Training in the soft development areas of inter-personal skills and leadership would be emphasized, especially for the mid-levels to senior management groups.

Risk Management

Risk management is a critical success factor, and a key earnings driver, of the Bank. During the year, the Bank continued to focus on strengthening risk management through the implementation of appropriate policies and practices, and ongoing monitoring and resolution of delinquent accounts, particular in the PFS business. To this end, staff deployment and workflow within the payment collection function were revamped to ensure efficiency and effectiveness in resolving overdue accounts, including the selective use of qualified outside agencies.

During the year, the Bank was subject to several audits of an annual nature, including those by the Bank of Thailand and UOB Group. All findings arising were discussed and amicably resolved by the Bank, some of which involved amending existing policies and process. Going into the current year, the Bank would be putting added focus into the area of business continuity planning to strengthen its ability to handle and manage unforeseen adverse situations.

Community Service

The Bank continued to subscribe to the philosophy of good corporate citizenship through community participation. One notable event during the year was the sponsorship of a Thammasat University anniversary function in which the Senior Minister of Singapore, Mr Lee Kuan Yew, gave a keynote speech on the "World Post Iraq War". The Bank was also a donor to some social projects involving temples.

The Thai economy in 2003 was a manifestation of confidence, with most economists projecting full year economic growth in excess of 6%. With hindsight, the Iraqi war and the SARS outbreak in the early part of the year only had limited impact on the economy, a testimony of the resilience underlying the economic base as well as the resolve of the government to effectively manage fall-outs from these adverse situations.

The strong economic performance in 2003 was underpinned by growing exports and strong domestic demand. Exports grew strongly in the latter half of the year, and were expected to record an impressive growth of about 15% year on year. Stronger demand from China and the Asean region helped to offset flat imports by the US, Thailand's largest trading partner. Low interest rates, coupled with government stimulus spending and rising consumer confidence, helped drive up both private consumption and investment to achieve impressive growth during the year. The stock market ended the year 116% higher than the previous year's close, while the residential property market gained steadily throughout the year.

By all key measures, the Thai economy continues to reflect good momentum. Employment has benefited from economic growth and high farm prices, resulting in unemployment being at a low of below 2%. Inflation is low, with core inflation being close to zero. The external accounts and official reserves are at healthy levels, with the country qualifying as a net creditor nation when foreign assets of the private sector are taken into account.

In 2003, the Bank remained focussed on its key business pillars of personal financial services (PFS), lending to large corporations, trade finance and treasury services. The Bank continued to leverage the UOB relationship, especially in successful transfer of ideas, products and services, to take advantage of market opportunities in serving both domestic as well as cross border customers.

The banking sector during the year was characterized by intense price competition, a situation that largely reflected excess liquidity in the system not accompanied by sufficient credit expansion. Large corporate loans originated previously were constantly at risk of being refinanced at lower rates to borrowers. Seen as the area of growth, consumer banking became hotly contested for customers and market share. A consequence of the market situation was the decline of deposit rates below the levels of the previous year.

The Bank stayed relevant and responsive in the highly competitive market environment, choosing to focus in the areas of business and opportunities consistent with its positioning with a fair measure of success as reflected in the financial performance and results for the year.

Customer loans at the end of the year stood at B37 billion, a 38% improvement on the previous year. In line with the sectors that underpinned economic performance of Thailand, customer loan growth during the year was experienced mainly in the PFS business and lending to large corporations, particularly those in the export oriented sector. Within the PFS segment, housing loans grew most impressively (57% year on year), reflecting the buoyant residential property market. Loan growth in the corporate lending segment was mainly of trade finance and working capital nature. Supporting the Trade Service business, Treasury enjoyed good growth in commercial foreign exchange transaction volume and earnings, although unexpected shifts in the yield curve during the year hurt fixed income and swap trading performance.

The loan portfolio growth, together with judicious cost of fund management in a low interest rate environment, resulted in net interest income growth of 98% over the previous year. Non-interest income registered a drop for the full year as a result of lower cash advance fee and late payment fee from the credit card business following the implementation of the new BOT rules on credit cards, and lower income from fixed income and swap trading. Expenses and provisions were both higher, reflecting both business base and loan volume growth, particularly with respect to credit seasoning of PFS loan vintages.

In 2003, the Bank recorded a net income of B86 million, compared with a loss of B194 million in the previous year. The significant improvement was attributable mainly to loan volume growth and lower cost of fund.

The Thai economy is projected to grow strongly again in 2004, with exports, domestic consumption and investment continuing to be the key drivers. In line with this, the Bank expects to benefit further from a strong and growing economy.

UOB Radanasin Bank (Bank) is committed to good standards of corporate governance. The Board of Directors and key committees appointed by the Board are constituted and organized in a way to ensure leadership and vision, adherence with business ethics and avoidance of conflict of interest. The annual general meeting is convened and conducted in a way that allows for shareholders to exercise their rights. The internal audit function is independent of management, and the risk management function in the Bank is independent of business units. The key corporate governance practices of the Bank during the year are described in more detail below.

Annual General Meeting (AGM)

An AGM is held every year to report the performance of the Bank to its shareholders. Prior to the meeting, a notice informing of date, time and place of meeting is sent to every shareholder, each accompanied by a copy of the annual report and the meeting agenda outlining the items to be considered and resolved. Members of the Board and senior management members of the Bank are present at the meeting to take questions from shareholders. Shareholders have the opportunity to exercise their rights by casting votes on the agenda items either in person or by proxy. All matters discussed during the meeting are captured in the minutes for record purpose.

Board of Directors

The Board of the Bank comprises 10 members, 5 of whom are neither employees of the Bank nor UOB Group. The Board has oversight responsibilities for the business and affairs of the Bank. The Board sets the overall business direction and provides guidance on the Bank's strategic plans. It delegates the formulation of business policies and day to day management to various committees and the Chief Executive Officer. The Board meets quarterly to review the Bank's performance as well as to deliberate matters considered to be significant to the viability of the Bank.

Executive Committee

The Executive Committee (Exco) is established by the Board of Directors to engage in on-going review of the Bank's performance. The Board confers upon the Exco and the CEO certain discretionary limits and powers for credit and loan approvals, treasury and investment activities, capital expenditure, budgeting and human resource management. The Exco comprises 4 members, 3 of whom are management members of the Bank or UOB Group.

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities. Primary responsibilities of the audit committee are to review financial reporting process and adequacy of internal control systems, risk management as well as internal audit functions. The Audit Committee also ensures that the Bank is in compliance with regulations set by The Bank of Thailand and other regulatory bodies and to perform other oversight functions as assigned by the Board of Directors.

The 3 member Audit Committee comprises all independent directors who are neither management nor employees of the Bank.

Nominating and Remuneration Committee

The Nominating and Remuneration Committee establishes the policies and criteria for identifying candidates, reviewing nomination of appointments as well as determining remuneration for directors and senior executives of the Bank. The committee comprises three directors with a non-executive director as the chairperson. The committee meets at least twice a year.

Other Committees

In addition to the Board of Directors, Executive Committee, Audit Committee and Nominating and Remuneration Committee, the Bank has also established the following committees comprising senior management of the Bank who meet regularly to formulate business policies, ensure all material risks underlying the business are managed, and address performance measurements and rewards.

Management Committee

The Management Committee formulates, reviews and approves policies and strategies relating to the operations

of the Bank across all business and support units. The Management Committee convenes once a month and its members comprise the Bank's Division Heads.

Risk Management Committee

The Risk Management Committee addresses all risk related matters of the Bank including formulation of risk management policies, setting up strategic plans to manage and monitor various risks as well as reviewing the adequacy of risk management systems of the Bank.

Credit Committee

The Credit Committee meets weekly and focuses on the approval of credit applications, formulation of credit acceptance parameters and the review of existing credit exposures and delinquency trends.

Asset and Liability Committee

The Asset and Liability Committee formulates, reviews and approves policies and strategies regarding the balance sheet structure, liquidity needs and treasury trading activities.

Computer Committee

The Computer Committee determines and oversees the prioritization of the Bank's investments in IT as well as ensures that these investments are in line with the Bank's long term business strategy.

Risk Management

The management of risk is fundamental to the financial soundness and integrity of the Bank. Risk management forms an essential element of the Bank's overall strategy. The risk management philosophy of the Bank is that all risks must be identified, measured, monitored and managed within a robust risk management framework, and that returns must commensurate with the risks taken.

The risk management corporate governance structure takes the form of overall responsibility by the Board of Directors in providing guidance regarding strategies and risk appetite for an integrated view of the Bank's risk exposures.

To this end, a centralized Risk Management Division, which is independent of the business units as well as the processing units, performs the primary roles of implementing risk policies and procedures, monitoring to ensure compliance by the business and operational units with these policies. The key types of risks closely monitored by the Bank are:

- **Credit Risk**

Credit risk is defined as the potential loss arising from any failure by customers to fulfill their obligations, as and when they fall due. These obligations may arise from on-balance sheet or off balance sheet exposures such as direct lending, trade finance, receivables under derivative and foreign exchange contracts and other credit related activities.

Through the Credit Committee, the Bank establishes well defined risk parameters for accepting credit risk, credit polices and procedures to ensure that a well diversified and high quality credit portfolio is maintained.

The Bank also has in place a rigorous process to regularly review, monitor and report credit exposures including risk concentrations, industry sector exposures, level of non-performing loans as well as adequacy of provisions.

- **Liquidity Risk**

Liquidity risk is defined as the potential loss arising from the Bank's inability to meet its contractual obligations when due. Liquidity risk arises in the general funding of the Bank's activities and in the management of its assets.

The management of liquidity risk is carried out throughout the year by a combination of cash flow management, maintenance of high quality liquid assets, diversification of the funding sources and proactive management of core deposit base.

The Asset and Liability Committee formulates key strategies on liquidity risk management and reviews the Bank's asset liability structure on a regular basis.

• Balance Sheet Risk

Balance sheet risk is defined as the potential change in earnings arising from the effect of movements in interest rates and foreign exchange rates on the structural banking book of the Bank that is not of a trading nature.

The Bank monitors and reviews balance sheet interest rate risk on a regular basis by analyzing the mismatches in interest rate repricing of its assets and liabilities and the potential earnings impact as a result of interest rate changes. The Asset and Liability Committee establishes strategies to manage and control the interest rate risk exposure which may include adjusting lending and deposit rates and the structure and proportion of assets and liabilities.

Exposure to currency risk is managed actively by setting limits for both overnight and intra-day position which are monitored on a daily basis.

• Market Risk

Market risk is defined as the potential loss in market value of a given portfolio arising from changes in market prices, namely foreign exchange rates, interest rates, equity prices and option volatility rates. The Bank is exposed to market risk in its trading and investment portfolios as the value of its trading and investment positions are sensitive to changes in market prices and rates.

Market risk is managed by using a framework of market risk management policies and risk control procedures, as well as risk and loss limits. Risk and loss limits are proposed by the respective trading desks and approved by the Board of Directors annually. The Risk Management Division reviews and monitors these limits independent of the trading desks and reports excesses directly to management.

• Operational Risk

Operational risk is defined as the potential loss arising from breakdown in the Bank's internal control or corporate governance that results in error, fraud, failure/delay to perform, or compromise of the Bank's interests by its employees. Other aspects of operational risk include major failure of information technology systems or events such as fire, flood or other disasters. Potential loss may be in the form of financial loss or other damages, for example, loss of public confidence that will impact the Bank's credibility and ability to transact, maintain liquidity and obtain new business.

The Bank manages operational risk through an internal framework of policies, control procedures and measures. This framework encompasses the identification of significant operational risk exposures and management controls, ongoing conduct of self assessment by business/support units as well as vigilant monitoring and reporting.

The Bank continues to emphasize on staff training, improvement and upgrade in systems, processes and procedures as part of overall operational risk management.

Internal Audit

An established independent Internal Audit function also plays a key role in monitoring adherence by business/support units to policies, procedures and internal controls. The Internal Audit Division reports directly to the Audit Committee and Chairman of the Board and there are formal procedures for reporting conclusions and recommendations to management.

Performance Planning and Monitoring

To further mitigate overall risks to the Bank, the Bank has established a comprehensive planning, budgeting and monitoring system based on key performance indicators for each business area and cost center. Business plans incorporating detailed one year operating plans are prepared annually by each business unit and cost center and reviewed by senior management before they are presented to the Board of Directors for approval. The Board receives quarterly management reports comparing actual performance with budget, highlighting key business indicators and giving the progress of major projects.

AUDIT COMMITTEE REPORT

To the shareholders,

Audit Committee of UOB Radanasin Bank comprises of three independent directors with Miss Prapai Arayarungsarit as Chairperson, Ms Kong Yim Pui and Dr Pongsak Hoontrakul as members of the Committee with Mr Lek Ruangnaovarat serving as secretary to the Audit Committee. In 2003, Audit Committee meetings were held five times. During the meetings, the Committee held discussion with external auditors from Ernst & Young office, Head of Internal Audit Division and Bank's management. The Audit Committee's activities are summarized as follows :

1. Reviewing quarterly, half-yearly and annual financial statements
2. Reviewing internal control systems
3. Reviewing Risk Management
4. Reviewing audit scope of external auditor
5. Reviewing Internal Audit Plan
6. Evaluating Internal Audit Division performance
7. Reviewing revised Internal Audit charter
8. Reviewing Audit Committee charter

The Committee had an opinion that the financial statements were in compliance with generally accepted accounting principles and regulatory requirements. The internal control system and risk management system were adequate and appropriate. Moreover, internal audit system is ISO 9001:2000 certified and appropriately related to the current situation of the Business.

Prapai Arayarungsarit
Chairperson of Audit Committee

REPORT OF INDEPENDENT AUDITOR

To The Board of Directors and Shareholders of UOB Radanasin Bank Public Company Limited

I have audited the accompanying balance sheet of UOB Radanasin Bank Public Company Limited as at 31 December 2003, and the related statements of earnings, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Bank's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The Bank's financial statements for the year ended 31 December 2002, as presented herein for comparative purposes, were audited by another auditor who, under her report dated 24 February 2003, expressed an unqualified audit opinion on those statements, but drew attention to the economic turmoil which may affect the operations of the Bank.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UOB Radanasin Bank Public Company Limited as at 31 December 2003, the results of its operations, and cash flows for the year then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion, I draw attention to the matter discussed in Note 30 to the financial statements regarding the uncertainty in the economic situation, which may have an impact on the recoverable value of assets.

Rungnapa Lertsuwankul
Certified Public Accountant (Thailand) No. 3516
Ernst & Young Office Limited

Bangkok
11 February 2004

BALANCE SHEETS

AS AT 31 DECEMBER 2003 AND 2002

(Unit : Baht)

	Notes	2003	2002
ASSETS			
CASH	4	**706,147,104**	538,994,795
INTERBANK AND MONEY MARKET ITEMS	5		
Domestic items			
Interest bearing		**-**	183,887,258
Non-interest bearing		**525,644,618**	433,285,510
Foreign items			
Interest bearing		**99,585,407**	5,315,173
Non-interest bearing		**69,660,946**	34,752,232
Total interbank and money market items - net		**694,890,971**	657,240,173
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	6	**4,420,000,000**	-
INVESTMENTS	7		
Current investments - net		**944,228,349**	554,963,322
Long-term investments - net		**2,486,121,210**	2,599,422,609
Total investments - net		**3,430,349,559**	3,154,385,931
LOANS AND ACCRUED INTEREST RECEIVABLES	8		
Loans		**46,066,962,028**	44,802,971,077
Accrued interest receivables		**115,992,584**	119,879,499
Total loans and accrued interest receivables		**46,182,954,612**	44,922,850,576
Less : Allowance for doubtful accounts	9.1	**(680,429,120)**	(587,195,045)
Revaluation allowance for debt restructuring	9.2	**(2,218,117)**	-
Total loans and accrued interest receivables - net		**45,500,307,375**	44,335,655,531
PROPERTIES FORECLOSED - NET	10	**142,160,057**	240,160,349
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES		**4,371,354**	2,266,666
PREMISES AND EQUIPMENT - NET	11	**831,262,927**	896,425,597
INTANGIBLE ASSETS - NET	12	**279,084,529**	289,525,121
UNREALISED GAIN ON DERIVATIVE CONTRACTS - NET		**-**	224,939,389
OTHER ASSETS - NET		**173,416,186**	324,532,863
TOTAL ASSETS		**56,181,990,062**	50,664,126,415

The accompanying notes on pages 35 to 73 are an integral part of the financial statements.

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2003 AND 2002

	Notes	2003	2002
			(Unit : Baht)
LIABILITIES AND SHAREHOLDERS' EQUITY			
DEPOSITS	14		
Deposits in Baht		**43,446,020,468**	34,975,089,996
Deposits in foreign currencies		**89,675,427**	47,352,536
Total deposits		**43,535,695,895**	35,022,442,532
INTERBANK AND MONEY MARKET ITEMS	15		
Domestic items			
Interest bearing		**7,117,620,346**	10,275,969,428
Non-interest bearing		**7,206,370**	18,982,231
Foreign items			
Interest bearing		**90,098,453**	205,588,017
Non-interest bearing		**114,545,062**	63,550,229
Total interbank and money market items		**7,329,470,231**	10,564,089,905
LIABILITIES PAYABLE ON DEMAND		**474,478,771**	185,435,632
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS	16	**-**	200,000,000
BANK'S LIABILITIES UNDER ACCEPTANCES		**4,371,354**	2,266,666
ACCRUED INTEREST PAYABLES		**109,536,451**	148,154,722
ACCRUED EXPENSES		**178,617,407**	166,328,659
UNREALISED LOSS ON DERIVATIVE CONTRACTS - NET		**206,290,878**	-
OTHER LIABILITIES		**190,650,618**	305,452,845
TOTAL LIABILITIES		**52,029,111,605**	46,594,170,961

The accompanying notes on pages 35 to 73 are an integral part of the financial statements.

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2003 AND 2002

(Unit : Baht)

	Notes	2003	2002
LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)			
SHAREHOLDERS' EQUITY			
Share capital			
Registered share capital			
984,665,747 ordinary shares of Baht 10 each	17	**9,846,657,470**	9,846,657,470
Issued and paid-up share capital			
984,665,389 ordinary shares of Baht 10 each		**9,846,653,890**	9,846,653,890
Revaluation surplus on investments	18	**57,985,962**	61,468,463
Retained earnings (deficit) - unappropriated		**(5,751,761,395)**	(5,838,166,899)
TOTAL SHAREHOLDERS' EQUITY		**4,152,878,457**	4,069,955,454
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**56,181,990,062**	50,664,126,415
OFF-BALANCE SHEET ITEMS - CONTINGENCIES	25.1		
Avals to bills and guarantees of loans		**1,714,897,182**	3,759,122,570
Liabilities under unmatured import bills		**348,022,631**	216,900,481
Letters of credit		**974,081,078**	829,772,183
Other contingencies		**56,405,846,192**	48,659,362,269

Managing Director and Chief Executive Officer _____ (Mr Gan Hui Beng)

Director _____ (Mr Lee Chin Yong)

The accompanying notes on pages 35 to 73 are an integral part of the financial statements.

STATEMENTS OF EARNINGS

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

		(Unit : Baht)
	2003	2002
INTEREST AND DIVIDEND INCOME		
Loans	**2,249,787,934**	1,906,820,383
Interbank and money market items	**19,843,518**	24,971,947
Investments	**151,034,117**	95,613,163
Total interest and dividend income	**2,420,665,569**	2,027,405,493
INTEREST EXPENSES		
Deposits	**650,285,937**	988,370,840
Interbank and money market items	**156,029,897**	222,363,614
Short-term borrowings	**-**	1,262,005
Total interest expenses	**806,315,834**	1,211,996,459
Net interest and dividend income	**1,614,349,735**	815,409,034
BAD DEBT AND DOUBTFUL ACCOUNTS	**(408,077,430)**	(243,475,084)
LOSS ON DEBT RESTRUCTURING	**(2,640,823)**	(4,982,209)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	**1,203,631,482**	566,951,741
NON-INTEREST INCOME		
Gain on investments	**66,682,358**	102,603,368
Fees and service income		
Acceptances, aval and guarantees	**4,866,722**	6,283,526
Others	**381,404,468**	420,480,405
Gain on exchanges	**79,506,690**	211,570,388
Gain on disposals of properties	**16,898,937**	17,027,646
Bad debt recovered	**25,142,997**	3,527,168
Other income	**7,496,651**	6,311,147
Total non-interest income	**581,998,823**	767,803,648

The accompanying notes on pages 35 to 73 are an integral part of the financial statements.

STATEMENTS OF EARNINGS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit : Baht)

	Notes	2003	2002
NON-INTEREST EXPENSES			
Personnel expenses		**572,845,883**	547,065,302
Premises and equipment expenses		**276,365,016**	284,710,380
Taxes and duties		**108,758,594**	88,500,867
Fees and service expenses		**230,703,508**	122,313,850
Directors' remuneration	21	**5,186,000**	7,680,237
Contribution to the Financial Institutions Development Fund		**181,835,041**	208,993,896
Advertising and public relation expenses		**110,630,342**	81,837,929
Loss on impairment of properties foreclosed		**5,800,408**	16,699,463
Other expenses		**207,100,009**	170,715,277
Total non-interest expenses		**1,699,224,801**	1,528,517,201
NET EARNINGS (LOSS)	22	**86,405,504**	(193,761,812)
EARNINGS (LOSS) PER SHARE			
Basic earnings (loss) per share		**0.09**	(0.21)
Weighted average number of shares (shares)		**984,665,389**	903,295,720

Managing Director and Chief Executive Officer

(Mr Gan Hui Beng)

Director

(Mr Lee Chin Yong)

The accompanying notes on pages 35 to 73 are an integral part of the financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit : Baht)

	Issued and paid-up share capital	**Revaluation surplus (deficit) on investments**	**Retained earnings (deficit)**	**Total**
Balance as at 31 December 2001 (Note 2)	8,346,657,470	68,579,894	(5,644,405,087)	2,770,832,277
Additional paid-up share capital	1,499,996,420	-	-	1,499,996,420
Revaluation deficit on investments	-	(7,111,431)	-	(7,111,431)
Net loss	-	-	(193,761,812)	(193,761,812)
Balance as at 31 December 2002	9,846,653,890	61,468,463	(5,838,166,899)	4,069,955,454
Revaluation deficit on investments	-	(3,482,501)	-	(3,482,501)
Net earnings	-	-	86,405,504	86,405,504
Balance as at 31 December 2003	9,846,653,890	57,985,962	(5,751,761,395)	4,152,878,457

The accompanying notes on pages 35 to 73 are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

		(Unit : Baht)
	2003	2002
Cash flows from operating activities		
Net earnings (loss)	**86,405,504**	(193,761,812)
Adjustments to reconcile net earnings (loss) to net cash provided by (paid for) operating activities :-		
Depreciation and amortisation	**148,071,975**	139,513,919
Bad debt and doubtful accounts	**408,077,430**	243,475,084
Loss on debt restructuring	**2,640,823**	4,982,209
Gain on sale of investments	**(19,938,768)**	(61,326,112)
Unrealised loss (gain) on foreign exchange	**31,096,862**	(97,549,277)
Amortisation of premium on available-for-sale investments	**15,323,050**	18,754,745
Loss on impairment of investments	**830,688**	1,798,202
Gain on disposals of premises and equipment	**(3,047,410)**	(5,941,412)
Loss on premises and equipment written-off	**8,215,468**	1,860,920
Loss on application software written-off	**1,387,050**	48,265
Loss on leasehold rights written-off	**4,641,372**	1,252,174
Gain on disposals of properties foreclosed	**(13,851,512)**	(11,086,234)
Loss on impairment of properties foreclosed	**5,800,408**	16,699,463
Unrealised loss (gain) on derivative transactions	**431,230,266**	(110,332,236)
(Increase) decrease in accrued interest and dividend income	**(72,871)**	23,340,609
Decrease (increase) in other accrued income	**4,229,672**	(66,311,447)
Decrease in accrued interest payables	**(38,618,271)**	(38,147,331)
Increase in other accrued expenses	**12,288,748**	18,562,955
Earnings (loss) from operating activities before changes in operating assets and liabilities	**1,084,710,484**	(114,167,316)
(Increase) decrease in operating assets		
Interbank and money market items (assets)	**(37,790,637)**	1,746,652,367
Securities purchased under resale agreements	**(4,420,000,000)**	-
Current investments	-	20,493,905
Loans	**(1,628,510,784)**	3,442,990,846
Properties foreclosed	**128,685,640**	28,677,530
Cross currency interest rate swap - interest receivables	**62,409**	199,531,927
Other assets	**149,056,120**	188,568,340

The accompanying notes on pages 35 to 73 are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

		(Unit : Baht)
	2003	2002
Cash flows from operating activities (Continued)		
Increase (decrease) in operating liabilities		
Deposits	**8,513,253,363**	(7,371,522,461)
Interbank and money market items (liabilities)	**(3,234,619,674)**	2,310,723,508
Liabilities payable on demand	**289,043,139**	118,889,392
Securities sold under repurchase agreements	**(200,000,000)**	-
Cross currency interest rate swap - interest payables	**(59,746)**	(215,655,995)
Other liabilities	**(114,742,481)**	45,799,440
Net cash provided by operating activities	**529,087,833**	400,981,483
Cash flows from investing activities		
Cash paid for purchases of available-for-sale securities	**(2,180,010,199)**	(2,993,031,940)
Cash received from disposal of available-for-sale securities	**1,901,647,876**	1,310,665,388
Cash paid for purchases of premises and equipment	**(42,154,503)**	(50,476,869)
Cash received from disposal of premises and equipment	**3,455,747**	6,804,668
Cash paid for purchases of application softwares	**(44,874,445)**	(126,690,278)
Net cash paid for investing activities	**(361,935,524)**	(1,852,729,031)
Cash flows from financing activities		
Cash received from additional paid-up share capital	**-**	1,499,996,420
Net cash provided by financing activities	**-**	1,499,996,420
Net increase in cash and cash equivalents	**167,152,309**	48,248,872
Cash and cash equivalents as at 1 January	**538,994,795**	490,745,923
Cash and cash equivalents as at 31 December	**706,147,104**	538,994,795
Supplemental disclosure of cash flows information		
Cash paid during the years for :-		
Interest expenses	**844,934,105**	1,249,528,510
Corporate income tax	**5,928,146**	5,207,509
Non-cash transactions :-		
Properties foreclosed received from settlement of debts	**22,634,244**	-

The accompanying notes on pages 35 to 73 are an integral part of the financial statements.

1. GENERAL INFORMATION

UOB Radanasin Bank Public Company Limited (hereinafter referred to as "the Bank") provides full banking services, including lending, deposit-taking and trade finance facilities. Its Head Office is located at 690 Sukhumvit Road, Klongton, Klongtoey, Bangkok. The major shareholders of the Bank are United Overseas Bank Limited of Singapore and the Financial Institutions Development Fund. As at 31 December 2003, the Bank has a total of 1,244 employees (2002 : 1,196 employees) and operated 36 branches throughout the country.

2. CHANGE IN ACCOUNTING POLICY

From 1 January 2002, derivative transactions have been designated as either trading or hedging depending on the underlying objective of the transaction.

The change in the accounting policy for derivative instruments has been applied prospectively and an adjustment has been made to opening balance of retained earnings to reflect the financial impact of the change in the policy as follows:

(Unit : Baht)

	Before Adjustment	**After Adjustment**
For the year ended 31 December 2002		
Gain on exchanges	253,762,217	211,570,388
Net loss	(151,569,983)	(193,761,812)
Retained earnings (deficit) as at 1 January 2002	(5,686,596,916)	(5,644,405,087)

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards pronounced by the Institute of Certified Accountants and Auditors of Thailand, which are effective under the Accounting Act B.E. 2543, and with reference to the principles stipulated by the Bank of Thailand and the Office of the Securities and Exchange Commission.

Significant accounting policies adopted by the Bank are summarised below :-

3.1 Revenue recognition

(a) Interest and discount on loans

The Bank recognises interest and discounts on loans as income on an accrual basis, based on the amount of principal outstanding. For loans on which principal or interest payments have been defaulted for more than three months from the due date, the Bank ceases accrual of interest income, recognises interest income on a cash basis and reverses the interest previously accrued as income for such defaulted loans from their accounts, in accordance with the Notification of the Bank of Thailand.

Interest income on restructured loans is recognised as income on accrual basis, with the exception of loans that are subject to monitoring for compliance with restructuring conditions, on which the Bank recognises interest income on a cash basis until the borrower has been able to comply with the restructuring conditions for a period of not less than three consecutive months or three consecutive instalments, whichever is longer.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Revenue recognition (Continued)

(b) Interest and dividend on investments

Interest on investments is recognised as income on an accrual basis, based on the effective yield rates and proportionate to the holding period. Dividends are recognised as income on an accrual basis.

(c) Fees and service income

Fees and service income are recognised as income on an accrual basis.

3.2 Expenses recognition

Interest expenses are charged to earnings on an accrual basis. In cases where interest charges have been included in the face value of notes, the interest is deferred and charges to earnings evenly over the lives of the notes.

3.3 Cash and cash equivalents

Cash and cash equivalents include cash, cheques and traveller's cheques in transit.

3.4 Investments

The Bank classifies investment in securities as investments in either trading securities, or available-for-sale securities, or general investments (for non-marketable securities).

Investments in debt securities and marketable equity securities, which are classified as trading or available-for-sale securities, are stated at fair value.

Movements in the fair values of available-for-sale securities are presented as unrealised gains or losses in shareholders' equity until securities are sold, when the changes are included in the statement of earnings. Movements in the fair values of trading securities are presented as unrealised gains or losses in the statement of earnings.

Investments in non-marketable equity securities, which are classified as general investments, are stated at cost less allowance for impairment in value (if any).

A test for impairment is carried out when there are factors indicating that such investment might be impaired. If the carrying value of the investment is greater than its recoverable amount, impairment loss is charged to the statement of earnings.

Gains or losses on disposal of securities are recognised in the statement of earnings. The weighted average method is used for computation of the cost of investments.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Investments (Continued)

The fair values of securities are calculated by using the following methods :

- The values of secured government bonds and state enterprises bonds are calculated by reference to the Bank of Thailand formula. The formula is based on the yield curve of the Bank of Thailand, assuming a risk-free yield. For determining the value of unsecured government bonds and state enterprises bonds the said yield curve is adjusted by an appropriate risk premium.

- Listed equity securities are valued based on the latest bid price quoted on the last working day of the year on the Stock Exchange of Thailand.

- The values of private sector debt instruments are calculated using the last closing price quoted by the Thai Bond Dealing Center as the market value. In the absence of such prices, the market value is determined based on the yield curve of the Bank of Thailand, adjusted by an appropriate risk premium.

- The fair value of unit trusts is determined based on their net asset value on the last working day of the year.

3.5 Loans

Loans are generally stated at the principal balances excluding accrued interest receivables. However, bank overdrafts are presented at the principal balance plus accrued interest receivables and bills are stated at their discounted amount.

Where the bill is sold without recourse, the loan is credited in the balance sheet.

3.6 Allowance for doubtful accounts

Allowance for doubtful accounts has been determined in accordance with the guidelines of the Bank of Thailand which require loans to be classified by the period they are past due, with the minimum provision to be calculated according to the balance of principal less collateral value, applying the stipulated loan loss provisioning rates. The guidelines also require the Bank to consider a qualitative review of the debt in estimating the allowance for doubtful accounts.

Collateral valuations for the purpose of determining allowance for doubtful accounts are made based on the type of asset and the date of valuation.

Increases in the allowance for doubtful accounts are charged as an expense of the year.

Debt that are determined to be irrecoverable are written off in the period in which the decision is taken. Amounts written off are deducted from the allowance for doubtful accounts. Bad debt recovered are recorded as income in the statement of earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Troubled debt restructuring and losses from troubled debt restructuring

The Bank records assets or equities received in settlement of debt at the lower of the fair value of the asset or equity, less estimated selling expenses (if any), providing this does not exceed the amount of principal and interest (including interest of which recognition has ceased until the restructuring date) legally claimed by the Bank from the debtor. Any excess of the fair value of the assets over the book value is recognised as an interest income in the statement of earnings.

If the debt restructuring involves modification of the terms of the receivable, the fair value of the loan after restructuring is based on the net present value of projected future cash flows, discounted by an interest rate equivalent to the prevailing cost of funds at the restructuring date or the interest rate stipulated in the new contract as at debt restructuring date, whichever is higher. The cost of funds consists of cost of deposits, interbank and money market items, securities sold under repurchase agreements and contribution to the Financial Institutions Development Fund as their rates reflect the actual cost of the Bank in relation to financing debt-restructuring customers. The difference between the fair value of the loan as at the restructuring date and the previous book value is accounted for as revaluation allowance for debt restructuring and amortised to the statement of earnings as interest income based on the amount received over the remaining period.

Losses arising from restructuring less allowance for doubtful accounts, are recognised in the statement of earnings when incurred.

Legal fees and other direct costs incurred as a result of debt restructuring are recorded as expenses when incurred.

3.8 Foreign currencies

Foreign currency transactions during the year have been translated into Baht at the exchange rates prevailing on the transaction dates. Assets and liabilities in foreign currency outstanding on the balance sheet date are translated into Baht at the rates announced by the Bank of Thailand ruling on the balance sheet date.

Exchange gains and losses are included in the statement of earnings.

3.9 Premises and equipment and depreciation

Land is stated at cost less allowance for impairment (if any). Premises, equipment and leasehold improvements are stated at cost less accumulated depreciation and allowance for impairment (if any).

Where the carrying amount of an asset is greater than its estimated recoverable value, it is written down immediately to the recoverable amount and the difference included as an expense in the statement of earnings. Estimated recoverable value is the higher of the present value of expected future cash flow from the continuing use of the asset or the amount realisable from the sale of the asset less any costs of disposal.

Gains or losses on the disposal of premises and equipment are recognised in the statement of earnings when incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Premises and equipment and depreciation (Continued)

Depreciation of premises and equipment is calculated by reference to their costs on a straight-line basis over the estimated useful lives of the assets as follows:

Premises	20 years
Equipment, furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	Over the lease periods

Depreciation is calculated on the cost, less any allowance for impairment, based on the remaining useful lives of the assets.

No depreciation is determined for land.

3.10 Financial leases

The Bank records computers under financial leases as assets and liabilities at the fair value of leased assets on the commencing date of the lease or present value of minimum lease payment whichever is lower. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease. The interest charge is recorded to period during the lease terms on the remaining balance of the lease payable for each period.

3.11 Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is included as an expense in the statement of earnings and is calculated using the straight-line basis over the estimated useful lives of the assets as follows:

Leasehold rights	Over the lease periods
Application softwares	5 years

3.12 Properties foreclosed

Properties foreclosed consist of land and buildings which are stated at the lower of cost or net realisable value with reference to the latest appraisal value less selling expenses (if any). Any impairment is charged to the statement of earnings when incurred.

Realised gains or losses on disposals are recognised in the statement of earnings when incurred.

3.13 Derivative transactions

Hedging derivatives transactions represent those transactions entered into in order to protect against a financial loss of an unfavorable price movement of the Bank's underlying assets and liabilities. Derivative contracts are recorded as off-balance sheet transactions. Revenues/expenses or gains/losses of contracts are recognised in accordance with the standard accounting treatment for revenues/expenses or gains/losses on underlying assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Derivative transactions (Continued)

Trading transactions are transactions entered into for trading purposes and are determined at fair value. Revenues/ expenses or gains/losses arising from changes in value are included in determining earnings.

Forward foreign exchange contracts are marked to market using the market rates as at the balance sheet date. For cross currency swaps, interest rate swaps and forward rate agreement, the net present value method is used.

The interest receivables and interest payables on interest rate swaps is recorded in the balance sheet.

For option contracts that have been closed by entering into another option contracts on the opposite side with matching tenor maturity and principal, net difference between premium paid and received is realised upfront.

3.14 Financial instruments

Financial assets carried in the balance sheet include cash, interbank and money market items, securities purchased under resale agreements, investments in securities and loans. Financial liabilities carried in the balance sheet include deposits, interbank and money market items, liabilities payable on demand, and securities sold under repurchase agreements. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.15 Provident and pension funds

Since 1 October 1997, the Bank has operated a provident fund in accordance with the Provident Fund Act B.E. 2530. The provident fund is a defined contribution plan, the assets of which are held in a separate trustee-administered fund. Prior to 1 October 1997, the Bank operated a self-administered pension scheme where employees with at least 5 years of continuous service were entitled to benefits based on the length of service and the current salary.

Employees who have joined the Bank since 1 October 1997 are only entitled to membership of the provident fund. Employees who joined the Bank before 1 October 1997 were given the option to transfer from the previous pension scheme to the new provident fund. All accrued benefits attaching to these employees had already been transferred to the registered provident fund by 31 December 1999.

The registered provident fund is funded by payments from employees and the Bank, with the Bank's contributions being charged to the statement of earnings in the period.

The provident fund is managed independently by a mutual fund, and therefore it does not appear on the Bank's balance sheet.

For employees who have opted not to join the registered provident fund, the Bank has made full provision for any liability which may arise under the terms of the previous pension scheme in the balance sheet.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Contributions to the Financial Institutions Development Fund

Contributions to the Financial Institutions Development Fund are recorded as expenses for the year on an accrual basis.

3.17 Corporate income tax

Corporate income tax is recorded as an expense for the year on an accrual basis.

3.18 Basic earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing net earnings (loss) for the year by the weighted average number of ordinary shares held by outside parties in issue during the year.

3.19 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates for certain accounting transactions, affecting amounts reported in the financial statements and notes related thereto. Subsequent actual results may differ from these estimates.

4. CASH

	(Unit : Million Baht)	
	2003	2002
Cash	**532.8**	341.5
Cheques in transit	**173.3**	197.5
Total	**706.1**	539.0

5. INTERBANK AND MONEY MARKET ITEMS (ASSETS)

(Unit : Million Baht)

	2003			2002		
	On demand	**Term**	**Total**	**On demand**	**Term**	**Total**
Domestic items						
The Bank of Thailand	**484.9**	**-**	**484.9**	377.8	-	377.8
Commercial banks	**40.7**	**-**	**40.7**	55.6	159.9	215.5
Finance companies, finance and securities companies, securities companies and credit foncier companies	**-**	**-**	**-**	23.0	-	23.0
Total domestic items	**525.6**	**-**	**525.6**	456.4	159.9	616.3
Add : Accrued interest receivable	**-**	**-**	**-**	-	0.9	0.9
Total domestic items	**525.6**	**-**	**525.6**	456.4	160.8	617.2
Foreign items						
US Dollar	**115.7**	**-**	**115.7**	9.7	3.6	13.3
Yen	**12.2**	**-**	**12.2**	2.2	-	2.2
EURO	**0.2**	**-**	**0.2**	4.1	-	4.1
British Pound	**16.0**	**-**	**16.0**	12.0	-	12.0
Other currencies	**25.2**	**-**	**25.2**	8.4	-	8.4
Total foreign items	**169.3**	**-**	**169.3**	36.4	3.6	40.0
Total domestic and foreign items	**694.9**	**-**	**694.9**	492.8	164.4	657.2

6. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

(Unit : Million Baht)

	2003	2002
Government and Bank of Thailand bonds	**4,420.0**	-
Total	**4,420.0**	-

7. INVESTMENTS

7.1 Classified by types of investments

(Unit : Million Baht)

	2003		2002	
	Cost/ Amortised value	Fair value	Cost/ Amortised Value	Fair value
Current investments				
Trading securities				
Government and state enterprise securities	**-**	**-**	-	-
Add : Valuation allowance for investments	**-**	**-**	-	-
Total	**-**	**-**	-	-
Available-for-sale securities				
Government and state enterprise securities	**933.4**	**938.8**	110.9	113.9
Private enterprises debt securities	**5.0**	**5.4**	-	-
Total	**938.4**	**944.2**	110.9	113.9
Add : Valuation allowance for investments	**5.8**	**-**	3.0	-
Total	**944.2**	**994.2**	113.9	113.9
General investments				
Private enterprises debt securities	**-**		441.1	
Total current investments - net	**944.2**		555.0	
Long-term investments				
Available-for-sale securities				
Government and state enterprises securities	**1,862.3**	**1,783.9**	1,935.4	1,968.2
Private enterprises debt securities	**475.4**	**535.6**	521.8	533.6
Marketable domestic equity securities	**65.4**	**135.8**	55.6	69.5
Total	**2,403.1**	**2,455.3**	2,512.8	2,571.3
Add : Valuation allowance for investments	**52.2**	**-**	58.5	-
Total	**2,455.3**	**2,455.3**	2,571.3	2,571.3
General investments				
Non-marketable domestic equity securities	**30.1**		25.4	
Non-marketable foreign equity securities	**3.3**		4.5	
Total	**33.4**		29.9	
Less : Allowance for impairment in value	**(2.6)**		(1.8)	
Total	**30 .8**		28.1	
Total long-term investments - net	**2,486.1**		2,599.4	
Total investments - net	**3,430.3**		3,154.4	

7. INVESTMENTS (Continued)

7.2 Classified by remaining period to maturity of the debt securities

(Unit : Million Baht)

	2003				2002			
	Periods remaining				Periods remaining			
	1 year	1-5 years	Over 5 years	Total	1 year	1-5 years	Over 5 years	Total
Available-for-sale securities								
Government and state enterprises securities	**933.4**	**1,009.0**	**853.3**	**2,795.7**	110.9	1,689.7	245.7	2,046.3
Private enterprises debt securities	**5.0**	**475.4**	**-**	**480.4**	-	521.8	-	521.8
Total	**938.4**	**1,484.4**	**853.3**	**3,276.1**	110.9	2,211.5	245.7	2,568.1
Add : Valuation allowance for investments	**5.8**	**73.6**	**(91.8)**	**(12.4)**	3.0	36.6	8.0	47.6
Total	**944.2**	**1,558.0**	**761.5**	**3,263.7**	113.9	2,248.1	253.7	2,615.7

8. LOANS AND ACCRUED INTEREST RECEIVABLES

8.1 Classified by types of loans

(Unit : Million Baht)

	2003	2002
Overdrafts	**1,603.2**	1,679.3
Loans	**24,066.2**	15,523.2
Notes	**16,170.3**	23,907.7
Others	**4,227.3**	3,692.8
Total	**46,067.0**	44,803.0
Add : Accrued interest receivables	**116.0**	119.9
Total loans and accrued interest receivables	**46,183.0**	44,922.9
Less : Allowance for doubtful accounts	**(680.5)**	(587.2)
Revaluation allowance for debt restructuring	**(2.2)**	-
Total	**45,500.3**	44,335.7

8. LOANS AND ACCRUED INTEREST RECEIVABLES (Continued)

8.1 Classified by types of loans (Continued)

As at 31 December 2003, notes included promissory notes amounting to Baht 8,974 million (2002 : Baht 17,974 million) issued by Radanasin Asset Management Company Limited and guaranteed by the Financial Institutions Development Fund. These were received as payment for the loans transferred under the Loan Transfer Agreement made on 26 November 1999, as discussed in Note 25.2. The promissory notes mature at various dates until 29 November 2004 and interest is payable every 6 months at a rate of interest which is 1% below the average six-month deposit rate quoted by 5 specified commercial banks (including UOB Radanasin Bank Public Company Limited).

However the Bank is not entitled to sell, transfer, pledge or create any lien or encumbrance over any of the promissory notes without the prior consent of the Financial Institutions Development Fund.

8.2 Classified by the remaining period of contracts

(Unit : Million Baht)

	2003	2002
Not over 1 year*	**22,064.7**	20,101.3
Over 1 year	**24,002.3**	24,701.7
Total	**46,067.0**	44,803.0
Add : Accrued interest receivables	**116.0**	119.9
Total loans and accrued interest receivables	**46,183.0**	44,922.9

*Included no contracts and expired contracts

8.3 Classified by currencies and residential status of debtors

(Unit : Million Baht)

	2003			**2002**		
	Domestic	**Foreign**	**Total**	**Domestic**	**Foreign**	**Total**
Baht	**44,973.4**	**-**	**44,973.4**	43,661.0	-	43,661.0
US Dollar	**987.3**	**-**	**987.3**	1,029.3	-	1,029.3
Other currencies	**106.3**	**-**	**106.3**	112.7	-	112.7
Total	**46,067.0**	**-**	**46,067.0**	44,803.0	-	44,803.0
Add : Accrued interest receivables	**116.0**	**-**	**116.0**	119.9	-	119.9
Total loans and accrued interest receivables	**46,183.0**	**-**	**46,183.0**	44,922.9	-	44,922.9

8. LOANS AND ACCRUED INTEREST RECEIVABLES (Continued)

8.4 Classified by types of business and classified loans

(Unit : Million Baht)

	2003					
	Normal	**Special mention**	**Sub-standard**	**Doubtful**	**Loss**	**Total**
Agriculture and mining	**148.2**	**0.1**	**-**	**0.2**	**-**	**148.5**
Manufacturing and commerce	**8,015.6**	**107.8**	**3.0**	**74.6**	**58.0**	**8,259.0**
Real estate and construction	**574.2**	**5.2**	**5.6**	**-**	**604.8**	**1,189.8**
Public utilities and services	**4,168.4**	**11.9**	**0.2**	**-**	**11.1**	**4,191.6**
Housing loans	**14,980.1**	**502.0**	**153.6**	**84.9**	**276.5**	**15,997.1**
Others	**15,340.9**	**525.9**	**269.6**	**37.2**	**107.4**	**16,281.0**
Total	**43,227.4**	**1,152.9**	**432.0**	**196.9**	**1,057.8**	**46,067.0**
Add : Accrued interest receivables	**87.4**	**7.9**	**0.1**	**-**	**20.6**	**116.0**
Total loans and accrued interest receivables	**43,314.8**	**1,160.8**	**432.1**	**196.9**	**1,078.4**	**46,183.0**

(Unit : Million Baht)

	2002					
	Normal	**Special mention**	**Sub-standard**	**Doubtful**	**Loss**	**Total**
Agriculture and mining	86.3	-	1.6	0.2	-	88.1
Manufacturing and commerce	7,831.8	45.2	8.0	0.6	66.5	7,952.1
Real estate and construction	441.4	6.2	0.2	19.8	582.2	1,049.8
Public utilities and services	3,222.5	27.0	0.3	-	11.2	3,261.0
Housing loans	9,519.5	141.6	66.3	90.9	135.9	9,954.2
Others	22,206.8	92.3	79.6	111.6	7.5	22,497.8
Total	43,308.3	312.3	156.0	223.1	803.3	44,803.0
Add : Accrued interest receivables	97.6	1.4	0.1	0.2	20.6	119.9
Total loans and accrued interest receivables	43,405.9	313.7	156.1	223.3	823.9	44,922.9

As at 31 December 2003, others include promissory notes of Radanasin Asset Management Company Limited amounting to Baht 8,974 million (2002 : Baht 17,974 million).

8. LOANS AND ACCRUED INTEREST RECEIVABLES (Continued)

8.5 Classified by type of classified loans

(Unit : Million Baht)

	2003			
	Loans and accrued interest receivables	**Classified loans after collateral**	**Percentage of provision**	**Provision set up by the Bank**
Normal	**43,314.8**	**13,241.3**	**0.26%**	**34.4**
Special mention	**1,160.8**	**562.3**	**2%**	**11.2**
Sub-standard	**432.1**	**262.5**	**20%**	**52.5**
Doubtful	**196.9**	**76.5**	**50%**	**38.3**
Loss	**1,078.4**	**493.6**	**100%**	**493.6**
Total	**46,183.0**	**14,636.2**		**630.0**
General provision				**50.5**
Total				**680.5**

(Unit : Million Baht)

	2002			
	Loans and accrued interest receivables	**Classified loans after collateral**	**Percentage of provision**	**Provision set up by the Bank**
Normal	43,405.9	9,019.7	0.32%	28.9
Special mention	313.7	96.1	2%	1.9
Sub-standard	156.1	82.7	20%	16.5
Doubtful	223.3	118.0	50%	59.0
Loss	823.9	402.4	100%	402.4
Total	44,922.9	9,718.9		508.7
General provision				78.5
Total				587.2

As at 31 December 2003, the Bank has set up provision for normal loans at 0.26% (2002 : 0.32%) which calculated based on actual experience and comply with the Bank of Thailand's notification.

As at 31 December 2003, the Bank has unearned income, presented net of loans, amounting to Bath 1.1 million from discounting bills (2002 : Baht 1.3 million).

8. LOANS AND ACCRUED INTEREST RECEIVABLES (Continued)

8.6 Non-accrued loans

As at 31 December 2003 and 2002, non-accrued loans classified in accordance with the notification of the Bank of Thailand as discussed in Note 3.1 are as follows :-

	2003	2002
Non-accrued loans (Million Baht)		
(excluded accrued interest receivables)	**1,794.8**	1,315.9
Percentage of total loans	**3.9**	2.9

8.7 Non-performing loans

As at 31 December 2003 and 2002, non-performing loans presented in accordance with the notification of the Bank of Thailand with the definition of the non-performing loans as the debts classified as sub-standard, doubtful and loss including fully-provisioned loss loans which were previously written-off of Baht 269.5 million.

As at 31 December 2003 and 2002, the Bank has non-performing loans as follows :-

	2003	2002
Non-performing loans (Million Baht)		
(excluded accrued interest receivables)	**1,686.7**	1,182.4
Percentage of total loans	**3.7**	2.6

8.8 Troubled debt restructuring

The Bank entered into troubled debt restructuring contracts with the following receivables during the year ended 31 December 2003 :-

		(Unit : Million Baht)
	Number of receivables	**Outstanding loan balance before restructuring**
Restructured receivables during the year	5	34.9
Total receivables as at 31 December 2003	355,285	46,067.0

8. LOANS AND ACCRUED INTEREST RECEIVABLES (Continued)

8.8 Troubled debt restructuring (Continued)

Details of the restructured receivables during the year ended 31 December 2003 are as follows :-

(Unit : Million Baht)

Type of restructuring	Number of receivables	Outstanding loan balance before restructuring	Type of assets received	Fair value of transferred assets
Modification of repayment conditions	3	3.0	-	-
Transfer of assets and modification of repayment conditions	2	31.9	Land and building	8.9
Total	5	34.9		8.9

The debt restructuring by modification of repayment conditions, as above table, has the outstanding balance after restructuring of Baht 22.0 million and the average period of the remaining term of debt restructuring is 7 years and reclassified as loss.

For the year ended 31 December 2003, the Bank recognised interest income from restructured receivables of Baht 9,102.6 and the Bank collected principal and interest of Baht 2,685,259.7 and Baht 9,102.6, respectively.

For the year ended 31 December 2003, the Bank had losses from restructuring amounting to Baht 2.6 million. The losses from restructuring included the losses from calculating the present value of the debt restructured during the year.

As at 31 December 2003, the Bank has no commitment to provide additional credit facilities to debtors after debt restructuring.

9. ALLOWANCE FOR DOUBTFUL ACCOUNTS AND REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING

9.1 Allowance for doubtful accounts

(Unit : Million Baht)

	2003						
	Normal	**Special mention**	**Sub-standard**	**Doubtful**	**Loss**	**General provision**	**Total**
Beginning balance	**28.9**	**1.9**	**16.5**	**59.0**	**402.4**	**78.5**	**587.2**
Bad debt and doubtful accounts	**5.5**	**9.3**	**36.0**	**292.3**	**91.2**	**(28.0)**	**406.3**
Bad debt written-off	**-**	**-**	**-**	**(313.0)**	**-**	**-**	**(313.0)**
Ending balance	**34.4**	**11.2**	**52.5**	**38.3**	**493.6**	**50.5**	**680.5**

(Unit : Million Baht)

	2002						
	Normal	**Special mention**	**Sub-standard**	**Doubtful**	**Loss**	**General provision**	**Total**
Beginning balance	81.2	1.8	8.8	49.1	269.5	69.6	480.0
Bad debt and doubtful accounts	(52.3)	0.1	7.8	136.0	139.7	8.9	240.2
Bad debt written-off	-	-	(0.1)	(126.1)	(6.8)	-	(133.0)
Ending balance	28.9	1.9	16.5	59.0	402.4	78.5	587.2

9.2 Revaluation allowance for debt restructuring

(Unit : Million Baht)

	2003	2002
Beginning balance	**-**	-
Increase during year	**2.2**	-
Ending balance	**2.2**	-

10. PROPERTIES FORECLOSED

(Unit : Million Baht)

	2003			
	Beginning balance	**Addition**	**Disposal**	**Ending balance**
Type of properties foreclosed				
Assets acquired by loan repayment				
Immovable assets	**203.1**	**22.6**	**(102.7)**	**123.0**
(Less) Add : Allowance for impairment	**(41.0)**	**(3.0)**	**15.0**	**(29.0)**
Total	**162.1**	**19.6**	**(87.7)**	**94.0**
Assets transferred from closing branches				
Immovable assets	**135.9**	**-**	**(53.2)**	**82.7**
(Less) Add : Allowance for impairment	**(57.8)**	**(2.8)**	**26.1**	**(34.5)**
Total	**78.1**	**(2.8)**	**(27.1)**	**48.2**
Total properties foreclosed - net	**240.2**	**16.8**	**(114.8)**	**142.2**

(Unit : Million Baht)

	2002			
	Beginning balance	**Addition**	**Disposal**	**Ending balance**
Type of properties foreclosed				
Assets acquired by loan repayment				
Immovable assets	206.6	-	(3.5)	203.1
(Less) Add : Allowance for impairment	(42.0)	(0.2)	1.2	(41.0)
Total	164.6	(0.2)	(2.3)	162.1
Assets transferred from closing branches				
Immovable assets	162.0	-	(26.1)	135.9
(Less) Add : Allowance for impairment	(52.2)	(16.5)	10.9	(57.8)
Total	109.8	(16.5)	(15.2)	78.1
Total properties foreclosed - net	274.4	(16.7)	(17.5)	240.2

11. PREMISES AND EQUIPMENT

(Unit : Million Baht)

	Land	Premises	Leasehold improvements	Equipment	Others	Total
Cost						
31 December 2002	894.5	811.1	88.8	782.9	0.3	2,577.6
Acquisition	-	-	-	32.1	10.1	42.2
Transfer	-	-	-	1.8	(1.8)	-
Disposal and write-off	-	(24.7)	-	(76.9)	-	(101.6)
31 December 2003	894.5	786.4	88.8	739.9	8.6	2,518.2
Loss on revaluation (1999)						
31 December 2002	(490.0)	(249.9)	-	-	-	(739.9)
Write-off	-	16.0	-	-	-	16.0
31 December 2003	(490.0)	(233.9)	-	-	-	(723.9)
Accumulated depreciation						
31 December 2002	-	(272.9)	(46.6)	(621.8)	-	(941.3)
Depreciation charged for the year	-	(23.3)	(6.9)	(68.4)	-	(98.6)
Depreciation for disposals and write-off	-	8.7	-	68.2	-	76.9
31 December 2003	-	(287.5)	(53.5)	(622.0)	-	(963.0)
Net book value						
31 December 2003	404.5	265.0	35.3	117.9	8.6	831.3
31 December 2002	404.5	288.3	42.2	161.1	0.3	896.4

Depreciation charge included in the statements of earnings for the years ended	
2003	98.6
2002	107.0

As at 31 December 2003, certain premises and equipment items have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 496.5 million (2002 : Baht 429.6 million).

As at 31 December 2003, the Bank has computers acquired under financial leases, with net book values amounting to approximately Baht 18.8 million (2002 : Baht 22.4 million).

12. INTANGIBLE ASSETS

As at 31 December 2003 and 2002, intangible assets of the Bank are as follows :-

(Unit : Million Baht)

	2003			
	Beginning balance	**Addition**	**Disposal**	**Ending Balance**
Leasehold rights				
Cost	**116.9**	**-**	**(6.1)**	**110.8**
Accumulated amortisation	**(46.0)**	**(7.7)**	**1.5**	**(52.2)**
Leasehold rights - net	**70.9**	**(7.7)**	**(4.6)**	**58.6**
Application softwares				
Cost	**281.7**	**44.8**	**(4.9)**	**321.6**
Accumulated amortisation	**(63.1)**	**(41.5)**	**3.5**	**(101.1)**
Application softwares - net	**218.6**	**3.3**	**(1.4)**	**220.5**
Total intangible assets - net	**289.5**	**(4.4)**	**(6.0)**	**279.1**

(Unit : Million Baht)

	2002			
	Beginning balance	**Addition**	**Disposal**	**Ending Balance**
Leasehold rights				
Cost	118.4	-	(1.5)	116.9
Accumulated amortisation	(38.0)	(8.2)	0.2	(46.0)
Leasehold rights - net	80.4	(8.2)	(1.3)	70.9
Application softwares				
Cost	155.0	126.7	-	281.7
Accumulated amortisation	(38.8)	(24.3)	-	(63.1)
Application softwares - net	116.2	102.4	-	218.6
Total intangible assets - net	196.6	94.2	(1.3)	289.5

Amortisation charge included in the statement of earnings for the year 2003 was Baht 49.2 million (2002 : Baht 32.5 million). As at 31 December 2003, certain application softwares items have been fully amortised but are still in use. The original cost, before deducting accumulated amortisation, of those assets amounted to Baht 20.7 million (2002 : Baht 20.1 million)

13. CLASSIFIED ASSETS

The Bank classified its assets as investments, loans and accrued interest receivables (including financial institutions), properties foreclosed and other assets, which are categorised in compliance with the regulations of the Bank of Thailand as follows :-

(Unit : Million Baht)

	2003				
	Investments	**Loans and accrued interest receivables**	**Properties foreclosed**	**Other assets**	**Total**
Normal	**-**	**43,369.9**	**-**	**0.1**	**43,370.0**
Special mention	**-**	**1,160.8**	**-**	**-**	**1,160.8**
Sub-standard	**-**	**432.1**	**-**	**0.1**	**432.2**
Doubtful	**-**	**196.9**	**-**	**0.1**	**197.0**
Loss	**106.3**	**1,078.4**	**63.5**	**9.3**	**1,257.5**
Total	**106.3**	**46,238.1**	**63.5**	**9.6**	**46,417.5**

(Unit : Million Baht)

	2002				
	Investments	**Loans and accrued interest receivables**	**Properties foreclosed**	**Other assets**	**Total**
Normal	-	43,430.0	-	0.1	43,430.1
Special mention	-	313.7	-	-	313.7
Sub-standard	-	156.1	-	-	156.1
Doubtful	-	223.3	-	0.3	223.6
Loss	16.9	823.9	98.8	7.7	947.3
Total	16.9	44,947.0	98.8	8.1	45,070.8

14. DEPOSITS

14.1 Classified by types of deposits

(Unit : Million Baht)

	2003	2002
Current accounts	**1,181.5**	671.7
Saving accounts	**11,820.9**	8,380.4
Fixed deposits		
Less than 6 months	**14,818.5**	14,090.2
6 months to less than 1 year	**6,634.6**	2,039.7
Over 1 year	**9,080.2**	9,840.4
Total	**43,535.7**	35,022.4

14.2 Classified by the remaining period of contracts

(Unit : Million Baht)

	2003	2002
Not over 1 year*	**43,371.8**	34,764.1
Over 1 year	**163.9**	258.3
Total	**43,535.7**	35,022.4

*Included expired contracts

14.3 Classified by currencies and residential status of depositors

(Unit : Million Baht)

	2003			2002		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	**43,271.6**	**174.4**	**43,446.0**	34,687.2	287.9	34,975.1
US Dollar	**89.7**	**-**	**89.7**	46.9	-	46.9
Other currencies	**-**	**-**	**-**	0.4	-	0.4
Total	**43,361.3**	**174.4**	**43,535.7**	34,734.5	287.9	35,022.4

15. INTERBANK AND MONEY MARKET ITEMS (LIABILITIES)

(Unit : Million Baht)

	2003			2002		
	On demand	**Term**	**Total**	**On demand**	**Term**	**Total**
Domestic items						
Commercial banks	**9.1**	**471.9**	**481.0**	1,601.3	2,095.7	3,697.0
Other banks	**-**	**413.7**	**413.7**	-	17.5	17.5
Finance companies, finance and securities companies, securities companies and credit foncier companies	**239.5**	**776.8**	**1,016.3**	179.0	779.2	958.2
Other financial institutions	**4,355.2**	**858.6**	**5,213.8**	4,822.2	800.1	5,622.3
Total domestic items	**4,603.8**	**2,521.0**	**7,124.8**	6,602.5	3,692.5	10,295.0
Foreign items						
US Dollar	**115.2**	**-**	**115.2**	38.8	-	38.8
Yen	**-**	**-**	**-**	-	183.1	183.1
Other currencies	**89.5**	**-**	**89.5**	47.2	-	47.2
Total foreign items	**204.7**	**-**	**204.7**	86.0	183.1	269.1
Total domestic and foreign items	**4,808.5**	**2,521.0**	**7,329.5**	6,688.5	3,875.6	10,564.1

16. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

(Unit : Million Baht)

	2003	2002
Government and Bank of Thailand bonds	**-**	200.0
Total	**-**	200.0

17. SHARE CAPITAL

At the Annual General Meeting of shareholders held on 26 April 2002, the shareholders approved the following resolutions :-

1) To reduce the registered share capital from Baht 8,346,679,410 to Baht 8,346,657,470 by eliminating unsubscribed shares.

2) To increase the registered share capital from Baht 8,346,657,470 to Baht 9,846,657,470 by issuing 150,000,000 ordinary shares at par value of Baht 10. It was stipulated that the shares would be issued to the existing shareholders in a proportion of 5.6 existing shares to 1 new share. The resolution granted the Board of Directors authority to determine the price and timing of the share issue.

17. SHARE CAPITAL (Continued)

At the Board of Directors' meeting held on 10 May 2002, the Board of Directors resolved to increase the share capital through the issuance of 150,000,000 new ordinary shares at Baht 10 per share. The subscription period was set at 2 - 8 July 2002, and the increase in paid-up share capital from Baht 8,346,657,470 to Baht 9,846,653,890 was registered with the Ministry of Commerce on 18 July 2002.

On 20 November 2003, the Board of Directors passed a resolution approving the increase in share capital of Baht 2,000 million to be proposed to the shareholders of UOB Radanasin Bank Plc. This issue is now under consideration by Board of Directors of United Overseas Bank Limited of Singapore, the majority shareholder.

18. REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS

(Unit : Million Baht)

	2003	2002
Revaluation surplus on investments :-		
Debt securities	**79.4**	47.6
Equity securities	**82.2**	29.0
Total	**161.6**	76.6
Revaluation deficit on investments :-		
Debt securities	**(91.8)**	-
Equity securities	**(11.8)**	(15.1)
Total	**(103.6)**	(15.1)
Revaluation surplus on investments	**58.0**	61.5

19. STATUTORY RESERVE

Under the Public Company Limited Act B.E. 2535, the Bank is required to set aside to a statutory reserve at least 5 percent of its net earnings for the year, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered share capital. The statutory reserve could not use for dividend payment.

20. CAPITAL FUND

As at 31 December 2003 and 2002, the capital funds maintained by the Bank in accordance with Section 4 of the Banking Business Undertaking Act B.E. 2505, as reported to the Bank of Thailand Thor. Phor. 10 report, were as follows :-

(Unit : Million Baht)

	2003	2002
Tier 1 capital		
Issued and fully paid-up share capital	**9,846.7**	9,846.7
Retained earnings (deficit) - unappropriated	**(5,838.2)**	(5,838.2)
Total Tier 1 capital	**4,008.5**	4,008.5
Tier 2 capital		
Reserve for assets classified as normal	**34.6**	32.8
Add : Revaluation surplus on available-for-sale equity securities	**37.0**	-
Total Tier 2 capital	**71.6**	32.8
Total Tier 1 capital and Tier 2 capital	**4,080.1**	4,041.3
Less : Revaluation deficit on available-for-sale equity securities	**(11.8)**	-
Total capital fund	**4,068.3**	4,041.3

As at 31 December 2003 and 2002, the Bank maintained a capital fund in proportion to the risk assets in accordance with the Bank of Thailand's Notification as follows :-

(Unit : Percentage)

	2003	2002
Total capital fund to risk assets ratio	**12.77**	14.24
Tier 1 capital fund to risk assets ratio	**12.58**	14.12
Tier 2 capital fund to risk assets ratio	**0.22**	0.12

21. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Bank's directors in accordance with Section 90 of the Public Company Limited Act, exclusive of salaries and related benefits payable to directors who hold executive positions.

22. CORPORATE INCOME TAX

No corporate income tax was payable on the Bank's net earnings for the year ended 31 December 2003, after adding back certain expenses and provisions non-deductible for tax computation purposes and deducting tax exempted income, as the tax losses brought forward by the Bank exceeded net earnings for the year.

23. PROVIDENT FUND

During the year ended 31 December 2003, Baht 16.0 million has been contributed to the fund by the Bank (2002 : Baht 15.8 million).

24. ASSETS SUBJECT TO OBLIGATIONS AND RESTRICTION

As at 31 December 2003 and 2002, investments in securities used as collateral are as follows :

(Unit : Million Baht)

	2003	2002
Government and state enterprises bonds		
deposited as collateral for loan project funding from Government Housing Bank	**17.5**	17.5
deposited as collateral for bond purchased under repurchase agreements for intra-day liquidity facilities	**229.7**	-
Private enterprises debt securities deposited as collateral for assets swap	**-**	441.1

25. COMMITMENTS AND CONTINGENCIES

25.1 Commitments

As at 31 December 2003 and 2002, significant commitment of the Bank consist of :-

(Unit : Million Baht)

	2003			**2002**		
	Baht	**Foreign currencies**	**Total**	**Baht**	**Foreign currencies**	**Total**
Aval to bills	**1,129.2**	**-**	**1,129.2**	3,257.3	-	3,257.3
Guarantees of loans	**60.0**	**525.7**	**585.7**	60.0	441.8	501.8
Liabilities under unmatured import bills	**37.8**	**310.2**	**348.0**	8.7	208.2	216.9
Other guarantees	**2,455.3**	**257.8**	**2,713.1**	3,009.7	273.0	3,282.7
Letters of credit	**41.7**	**932.4**	**974.1**	5.0	824.8	829.8
Forward exchange rate contracts						
Bought	**-**	**10,998.4**	**10,998.4**	-	10,785.0	10,785.0
Sold	**-**	**13,017.7**	**13,017.7**	-	13,102.9	13,102.9
Cross currency interest rate swaps						
Bought	**-**	**6,251.5**	**6,251.5**	-	5,633.3	5,633.3
Sold	**-**	**3,870.4**	**3,870.4**	-	3,986.4	3,986.4
Interest rate swaps	**11,630.0**	**5,058.3**	**16,688.3**	6,010.0	2,567.0	8,577.0
Forward rate agreements						
Bought	**-**	**-**	**-**	-	648.6	648.6
Sold	**-**	**-**	**-**	-	432.4	432.4
Options						
Bought	**-**	**245.7**	**245.7**	-	-	-
Sold	**-**	**245.7**	**245.7**	-	-	-
Committed (but not drawn) overdraft	**2,375.1**	**-**	**2,375.1**	2,211.1	-	2,211.1
Total	**17,729.1**	**41,713.8**	**59,442.9**	14,561.8	38,903.4	53,465.2

As at 31 December 2003, the Bank has commitments amounting to Baht 17.9 million to purchase a unit trust.

25. COMMITMENTS AND CONTINGENCIES (Continued)

25.2 Gain/loss sharing arrangement

On 26 November 1999, a Loan Transfer Agreement was signed whereby all classified loans of the Bank as at 31 May 1999 and 31 December 1999 were transferred to Radanasin Asset Management Company Limited, a wholly owned subsidiary of the Financial Institutions Development Fund. The value of the loans transferred amounted to Baht 44,974 million, which included principal plus accrued interest receivables and other related net assets. The Bank received promissory notes of Baht 44,974 million from Radanasin Asset Management Company Limited, which were guaranteed by the Financial Institutions Development Fund, as discussed in Note 8.1.

The Bank agreed to manage the loan portfolio transferred to Radanasin Asset Management Company Limited for a nominal annual fee of 0.1% of the average gross book value of the loan portfolio during the year. Under the terms of the agreement there is a gain/loss sharing arrangement whereby the Bank will be entitled to receive 5% of any recoveries in excess of, or incur 15% of any deficit under, the value of the loans and related contingencies, net of provisions, transferred to Radanasin Asset Management Company Limited, amounting to Baht 16,978 million. This is to be determined finally at the earlier of 29 November 2004 or upon the disposition of all loans and related assets.

In October 2001, Radanasin Asset Management Company Limited transferred most of the loans, together with responsibility for their management, to the Thai Asset Management Corporation. In addition, in December 2003 the Bank and Radanasin Asset Management Company Limited entered into a Memorandum of Understanding which outlined the terms for early termination of the loan management agreement including the calculation of recoveries towards the sharing of gains/losses for the loans transferred to the Thai Asset Management Corporation and the remaining loan balance. However, these terms are still awaiting Cabinet approval.

As a result of the above factor and other uncertainties, such as the current economic situation in Thailand, it is not possible to determine the potential loans recoveries and the Bank's exposure under the gain/loss sharing arrangement. However, the management is of the opinion that the Bank's exposure under this agreement will not have any significant impact on the Bank's financial status.

25.3 Share purchase agreement

Under the terms of the Share Purchase Agreement, the Bank is required to reimburse the Financial Institutions Development Fund for tax savings arising from the use of tax losses of Baht 5,181 million carried forward by the Bank as at 31 August 1999.

For the year ended 31 December 2003, the Bank has been used partial of such tax losses carried forward and recorded the reimburse to the Financial Institutions Development Fund amounting to Baht 15.4 million as expenses in the statement of earnings.

25. COMMITMENTS AND CONTINGENCIES (Continued)

25.4 Litigation

As at 31 December 2003, the Bank has contingent liabilities amounting to Baht 169.0 million (2002 : Baht 167.1 million) as a result of litigation and claims brought against the Bank. Such contingent liabilities will be recognised as liabilities when it is probable that those litigation and claim will be paid by the Bank and the amount to be paid can be estimated. The management believes that the liabilities, if any, resulting from such litigation and claims will be not material to the Bank.

26. RELATED PARTY TRANSACTIONS

Enterprises and individuals that directly or indirectly, through one or more intermediaries, control or are controlled by or are under common control with the Bank, including holding companies, subsidiaries and fellow subsidiaries, are classified as related parties of the Bank. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Bank that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Bank, close members of their families, and companies associated with these individuals also constitute related parties.

In considering each possible related relationship, attention is directed to the substance of the relationship, and not merely the legal form.

As at 31 December 2003, United Overseas Bank Limited of Singapore and the Financial Institutions Development Fund respectively hold 78.8% and 21.2% of the Bank's shares (2002 : 78.8% and 21.2%, respectively).

As at 31 December 2003 and 2002, the Bank had significant business transactions with its related parties (related by way of common shareholders and/or common directors). Such transactions, which have been concluded on the terms and basis as determined by the Bank and the related companies, are summarised below :-

a) Transactions with directors and executive employees

Loans to, deposits from and the commitments of certain directors and employees in the position of department head or higher, and the companies in which they or, which the Bank or the Bank's directors have 10% or more of paid-up capital. Such transactions, which have been concluded on the normal terms and conditions, are summarised below :-

26. RELATED PARTY TRANSACTIONS (Continued)

a) Transactions with directors and executive employees (Continued)

	(Unit : Million Baht)	
	2003	2002
Loans		
Balance as at year end	**30.4**	30.5
Average balance at the end of the month	**33.2**	25.4
Deposits		
Balance as at year end	**101.1**	17.6
Contingencies		
Balance as at year end	**0.5**	5.9
Average balance at the end of the month	**2.6**	5.9

b) Transactions with major shareholders

The Bank had the following balances and transactions with the major shareholders :

	(Unit : Million Baht)	
	2003	2002
United Overseas Bank Limited of Singapore		
Outstanding in balance sheets		
Interbank and money market items (assets)	**16.4**	7.8
Other assets	**14.2**	17.3
Interbank and money market items (liabilities)	**146.7**	560.3
Interest payables	**2.8**	2.7
Accrued expenses	**1.1**	-
Unrealised loss on derivative contracts - net	**289.0**	175.6
Other liabilities	**0.6**	1.6

	(Unit : Million Baht)	
	2003	2002
United Overseas Bank Limited of Singapore		
Off-balance sheet items		
Guarantees of loans	**61.4**	-
Forward exchange rate contracts - bought	**383.9**	660.5
Forward exchange rate contracts - sold	**5,149.5**	4,340.0
Cross currency interest rate swaps - sold	**1,223.2**	1,187.1
Interest rate swaps	**5,058.3**	2,125.9
Forward rate agreements	**-**	216.2

26. RELATED PARTY TRANSACTIONS (Continued)

b) Transactions with major shareholders (Continued)

	(Unit : Million Baht)	
	For the years ended 31 December	
	2003	2002
United Overseas Bank Limited of Singapore		
Transactions in the statements of earnings		
Interest income on interbank and money market items	**0.7**	3.6
Interest expenses on interbank and money market items	**2.2**	9.2
Interest expenses on derivative contracts	**18.4**	-
Fees and service income	**10.4**	-
Loss on exchanges	**5.5**	101.6
Other income	**0.6**	0.6
Fees and service expenses	**20.0**	3.2
Other expenses	**14.7**	9.1

In 2003, the Bank sold a Baht 1,000 million investment in the debenture to United Overseas Bank Limited of Singapore.

The Bank has entered into a number of money market transactions with United Overseas Bank Limited of Singapore, under normal terms and conditions.

	(Unit : Million Baht)	
	2003	2002
Financial Institutions Development Fund		
Outstanding in balance sheets		
Accrued expenses	**15.4**	-

	(Unit : Million Baht)	
	For the years ended 31 December	
	2003	2002
Financial Institutions Development Fund		
Transactions in the statements of earnings		
Contributions to the Financial Institutions Development Fund	**181.8**	209.0
Other expenses	**15.4**	-

26. RELATED PARTY TRANSACTIONS (Continued)

c) Transactions with other related companies

The Bank had the following balances and transactions with other related companies :-

		(Unit : Million Baht)
	2003	2002
Radanasin Asset Management Company Limited		
Outstanding in balance sheets		
Loans	**8,974.0**	17,974.0
Accrued interest receivables	**0.4**	13.8
Other assets	**25.3**	103.1
Deposits	**175.4**	31.3
Other liabilities	**11.8**	6.1

		(Unit : Million Baht)
	For the years ended 31 December	
	2003	2002
Radanasin Asset Management Company Limited		
Transactions in the statements of earnings		
Interest income on loans	**108.1**	307.0
Interest expenses on deposits	**1.0**	0.5
Fees and service income	**10.6**	15.5
Other income	**0.6**	0.6

Other assets and fees and service income were related to accrued management fees for the management of loans transferred to Radanasin Asset Management Company Limited, as discussed in Note 25.2.

		(Unit : Million Baht)
	2003	2002
United Overseas Bank Group Companies		
Outstanding in balance sheets		
Interbank and money market items (assets)	**0.1**	23.1
Other assets	**27.4**	29.9
Interbank and money market items (liabilities)	**484.9**	530.5
Interest payables	**-**	0.2
Off-balance sheet items		
Forward exchange rate contracts - sold	**234.2**	248.1
Other guarantees	**1.6**	1.6

26. RELATED PARTY TRANSACTIONS (Continued)

c) Transactions with other related companies (Continued)

(Unit : Million Baht)

	For the years ended 31 December	
	2003	2002
United Overseas Bank Group Companies		
Transactions in the statements of earnings		
Interest income on interbank and money market items	**0.2**	1.6
Interest expenses on interbank and money market items	**17.6**	25.0
Gain on exchanges	**14.3**	1.5
Other income	**-**	0.4

During the year, the Bank entered into a number of money market, off-balance sheet and other transactions with United Overseas Bank Group Companies, under normal terms and conditions.

27. LONG-TERM LEASE AND SERVICE AGREEMENTS

(Unit : Million Baht)

	2003		**2002**	
Type of lease/service	**Year**	**Remaining rental/service expenses**	**Year**	**Remaining rental/service expenses**
Long-term lease :				
Office building	**01/01/2004 - 31/12/2008**	**70.6**	01/01/2003 - 31/12/2007	63.2
Office building	**01/01/2009 - 31/12/2021**	**31.8**	01/01/2008 - 31/12/2021	41.7
Long-term service :				
Office building	**01/01/2004 - 31/12/2008**	**19.1**	01/01/2003 - 31/12/2007	17.7
Office building	**01/01/2009 - 31/12/2021**	**14.5**	01/01/2008 - 31/12/2021	14.8

28. FINANCIAL INFORMATION BY SEGMENT

The Bank is carried on exclusively in Thailand. As a result, all the revenues, operating profits and asset as reflected in these financial statements pertain to the aforementioned geographic area.

29. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of its business, in order to meet the financing needs of its customers and to reduce its own exposure to fluctuations in foreign exchange and interest rates. These financial instruments include commitments to extend credit, standby letters of credit and financial guarantees, forward foreign exchange contracts and other derivative transactions. They involve varying degrees of credit and foreign exchange risk and the contract values or notional amounts of these financial instruments reflect the extent of the Bank's involvement in each class of financial instruments.

29.1 Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised in respect of each class of financial asset and financial liability are disclosed in Note 3.

29.2 Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations, resulting in a financial loss to the Bank. The Bank has adopted the policy of obtaining sufficient collateral, or other security where appropriate, as a means of mitigating the risk of financial losses as a result of default.

For recognised financial assets, the carrying amount presented in the assets section of the balance sheet, net of allowance for doubtful accounts, represents the Bank's maximum exposure to credit risk.

Credit risk also arises from the possibility that the counter party to off-balance sheet financial instruments will not adhere to the terms of the contract with the Bank when settlement becomes due.

As at 31 December 2003 and 2002, the Bank had the following off-balance commitments, as summarised by the period to maturity of the contracts :-

(Unit : Million Baht)

	2003			2002		
	Not more than 1 year	**Over 1 year**	**Total**	**Not more than 1 year**	**Over 1 year**	**Total**
Aval to bills	**1,129.2**	**-**	**1,129.2**	3,257.3	-	3,257.3
Guarantees of loans	**338.5**	**247.2**	**585.7**	232.1	269.7	501.8
Liabilities under unmatured import bills	**348.0**	**-**	**348.0**	216.9	-	216.9
Other guarantees	**2,602.6**	**110.5**	**2,713.1**	3,205.2	77.5	3,282.7
Letters of credit	**974.1**	**-**	**974.1**	829.8	-	829.8
Total	**5,392.4**	**357.7**	**5,750.1**	7,741.3	347.2	8,088.5

29. DISCLOSURE OF FINANCIAL INSTRUMENTS (Continued)

29.3 Interest rate risk

Interest rate risk is the potential for changes in the value of financial assets, financial liabilities or net interest income of the Bank as a result of market interest rate fluctuations.

The Bank's Asset and Liability Committee (ALCO) monitors and reviews for mismatches in interest rate repricing on a regular basis and establishes strategies to manage and control interest rate risk exposures.

As at 31 December 2003, the Bank has loans classified by type of interest rate as follows :-

(Unit : Million Baht)

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Loans *	13,950.3	31,957.8	158.9	46,067.0

* include promissory note amounting to Baht 8,974 million issued by Radanasin Asset Management Company Limited as discussed in Note 8.1.

The followings are the Bank's average interest-earning financial assets and interest-bearing financial liabilities. The balance of total related interest and dividend income and average rate for the year ended 31 December 2003 are as follows :-

(Unit : Million Baht)

	Average balance	Interest and dividend	Average rate
Interest - earning financial assets			
Interbank and money market items	978.7	8.8	0.9%
Securities purchased under resale agreements	987.5	11.0	1.1%
Investments - net	4,163.0	151.0	3.6%
Loans	51,654.9	2,249.8	4.4%
Total	57,784.1	2,420.6	
Interest - bearing financial liabilities			
Deposits	43,197.9	650.3	1.5%
Interbank and money market items	11,115.6	153.0	1.4%
Securities sold under repurchase agreements	236.7	3.0	1.3%
Total	54,550.2	806.3	

29. DISCLOSURE OF FINANCIAL INSTRUMENTS (Continued)

29.3 Interest rate risk (Continued)

As at 31 December 2003, the outstanding financial assets and liabilities are categorised by the contractual repricing or maturity date, whichever is earlier as follows :

(Unit : Million Baht)

	On demand	Less than 3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
Financial assets							
Cash	-	-	-	-	-	706.1	706.1
Interbank and money market items	44.6	55.0	-	-	-	595.3	694.9
Securities purchased under resale agreements	-	4,420.0	-	-	-	-	4,420.0
Investments - net	-	50.0	888.4	1,484.4	853.3	154.2	3,430.3
Loans	1,559.7	22,789.8	16,767.4	2,888.4	1,902.8	158.9	46,067.0
Total	1,604.3	27,314.8	17,655.8	4,372.8	2,756.1	1,614.5	55,318.3
Financial liabilities							
Deposits	11,820.9	22,733.6	7,635.8	163.9	-	1,181.5	43,535.7
Interbank and money market items	4,732.9	2,073.0	433.5	14.5	-	75.6	7,329.5
Liabilities payable on demand	474.5	-	-	-	-	-	474.5
Total	17,028.3	24,806.6	8,069.3	178.4	-	1,257.1	51,339.7
On-balance sheet							
Interest sensitivity gap	(15,424.0)	2,508.2	9,586.5	4,194.4	2,756.1	357.4	3,978.6
Off-balance sheet							
Interest sensitivity gap	-	2,872.0	(6,301.5)	3,444.4	-	-	14.9
Total interest sensitivity gap	(15,424.0)	5,380.2	3,285.0	7,638.8	2,756.1	357.4	3,993.5

29.4 Liquidity risk

Liquidity risk is the risk that the Bank may not be able to meet its obligations as they fall due, because of inability to realise assets or to cover funding requirements at an appropriate price, thus resulting in losses to the Bank.

The Bank's policy is to minimise liquidity risk whilst maximising investment returns. The Asset and Liability Committee (ALCO) monitors and reviews the liquidity position on a regular basis and manages the net liquidity gap position proactively.

29. DISCLOSURE OF FINANCIAL INSTRUMENTS (Continued)

29.4 Liquidity risk (Continued)

Financial assets and liabilities as at 31 December 2003 are below classified according to their contractual maturity, except for those products with no maturity, such as current and savings deposits, where the maturity has been determined based on historical experience :

(Unit : Million Baht)

	On demand	Not over 6 months	6 - 12 months	Over 1 year	No maturity	Total
Financial assets						
Cash	-	-	-	-	706.1	706.1
Interbank and money market items	694.9	-	-	-	-	694.9
Securities purchased under resale agreements	-	4,420.0	-	-	-	4,420.0
Investments - net	-	195.2	749.0	2,319.5	166.6	3,430.3
Loans	-	12,451.0	11,025.5	20,722.8	1,867.7	46,067.0
Total	694.9	17,066.2	11,774.5	23,042.3	2,740.4	55,318.3
Financial liabilities						
Deposits	-	33,174.3	6,316.8	4,044.6	-	43,535.7
Interbank and money market items	4,056.8	2,908.2	350.0	14.5	-	7,329.5
Liabilities payable on demand	474.5	-	-	-	-	474.5
Total	4,531.3	36,082.5	6,666.8	4,059.1	-	51,339.7
Net liquidity gap	(3,836.4)	(19,016.3)	5,107.7	18,983.2	2,740.4	3,978.6

The maturity mismatch as at 31 December 2003 is due to the long-term maturity profile of the promissory notes issued by Radanasin Asset Management Company Limited, as detailed in Note 8.1. This has limited the Bank's ability to fully match the liquidity position. In order to maximise investment returns the Bank is utilising deposits as a source of funds for the granting of new loans.

29.5 Currency risk

Currency risk is the risk that occurs from changes in exchange rate which may effect the value of the Bank's financial instruments or may cause volatility in Bank's earnings or fluctuates in the value of the Bank's financial assets and liabilities.

The Bank manages its exposure to currency risk by setting limits for both overnight and intra-day positions. These are monitored on a daily basis and comply with the Bank of Thailand's regulations on foreign exchange.

29. DISCLOSURE OF FINANCIAL INSTRUMENTS (Continued)

29.5 Currency risk (Continued)

As at 31 December 2003, the Bank has the following financial assets and liabilities denominated in the foreign currencies :-

(Unit : Million Baht)

	THB	USD	EUR	JPY	Others	Total
Financial assets						
Cash	537.9	78.6	24.9	45.4	19.3	706.1
Interbank and money market items	525.6	115.7	0.2	12.2	41.2	694.9
Securities purchased under resale agreements	4,420.0	-	-	-	-	4,420.0
Investments - net	1,521.2	529.5	-	1,376.3	3.3	3,430.3
Loans	44,973.4	987.3	65.8	36.8	3.7	46,067.0
Total	51,978.1	1,711.1	90.9	1,470.7	67.5	55,318.3
Financial liabilities						
Deposits	43,446.0	89.7	-	-	-	43,535.7
Interbank and money market items	6,400.8	907.7	21.0	-	-	7,329.5
Liabilities payable on demand	469.9	1.4	0.3	0.4	2.5	474.5
Total	50,316.7	998.8	21.3	0.4	2.5	51,339.7
On-balance sheet						
Net financial assets and financial liabilities	1,661.4	712.3	69.6	1,470.3	65.0	3,978.6
Off-balance sheet						
Net commitments	17,729.1	8,821.9	(33.9)	(1,333.3)	(8.2)	25,175.6
Total net position	19,390.5	9,534.2	35.7	137.0	56.8	29,154.2

29.6 Market risk

Market risk arises from changes in market prices, such as foreign exchange rates and interest rates and from other market risk factors. The Bank is exposed to market risk in that the value of its open positions in trading and investment portfolios are sensitive to changes in market prices and interest rates and other market risk factors.

The Bank's exposure to market risks is managed by using a framework of policies and risk control procedures, together with risk and loss limits. The Asset and Liability Committee (ALCO) reviews and approves all risk and loss limits, which are monitored on a daily basis. The Value-at-Risk (VAR) methodology is applied to estimate the market risk positions and the maximum losses expected for all material trading and investment transactions relating to assets and liabilities.

29. DISCLOSURE OF FINANCIAL INSTRUMENTS (Continued)

29.7 Derivative financial instruments

As of 31 December 2003 and 2002 the Bank has balance of the notional amount and the fair value of derivative financial instruments as follows :-

(Unit : Million Baht)

	2003			
	Net notional amount			**Net fair value**
	Not over 1 year	**More than 1 year**	**Total**	**favorable (unfavorable)**
Forward exchange contracts	**(1,633.0)**	**(269.7)**	**(1,902.7)**	**(178.0)**
Cross currency interest rate swaps	**3,266.8**	**(885.7)**	**2,381.1**	**19.7**
Interest rate swaps	**3,229.2**	**13,459.1**	**16,688.3**	**(123.8)**
Total	**4,863.0**	**12,303.7**	**17,166.7**	**(282.1)**

(Unit : Million Baht)

	2002			
	Net notional amount			**Net fair value**
	Not over 1 year	**More than 1 year**	**Total**	**favorable (unfavorable)**
Forward exchange contracts	(2,388.6)	(45.1)	(2,433.7)	41.8
Cross currency interest rate swaps	1,646.9	-	1,646.9	176.2
Interest rate swaps	445.0	(8,132.0)	(7,687.0)	(84.8)
Forward rate agreements	216.2	-	216.2	0.3
Total	(80.5)	(8,177.1)	(8,257.6)	133.5

The value of off-balance sheet financial instruments fluctuates in response to movements in one or more underlying factors, such as foreign exchange rate and interest rate.

In its normal course of business, the Bank transacts in these financial instruments to meet the specific needs of their customers as well as to maintain its structural position in relation to its assets and liabilities.

The above table shows the notional principal amounts and the fair values of the Bank's derivative financial instruments. The notional amounts of these instruments indicate the volume of transactions outstanding at the balance sheet date. They do not represent the amounts at risk.

Fair values are derived from quoted market prices and discounted cash flow models.

29. DISCLOSURE OF FINANCIAL INSTRUMENTS (Continued)

29.8 Fair values of financial assets and liabilities

The estimated fair value of financial assets and liabilities as of 31 December 2003 and 2002 is as follows :-

(Unit : Million Baht)

	2003		2002	
	Book value	**Fair value**	**Book value**	**Fair value**
Financial assets				
Cash	**706.1**	**706.1**	539.0	539.0
Interbank and money market items	**694.9**	**694.9**	657.2	657.2
Securities purchased under resale agreements	**4,420.0**	**4,420.0**	-	-
Investments - net	**3,430.3**	**3,519.0**	3,154.4	3,169.7
Loans and accrued interest receivables - net	**45,500.3**	**45,500.3**	44,335.7	44,335.7
Financial liabilities				
Deposits	**43,535.7**	**43,535.7**	35,022.4	35,022.4
Interbank and money market items	**7,329.5**	**7,329.5**	10,564.1	10,564.1
Liabilities payable on demand	**474.5**	**474.5**	185.4	185.4
Securities sold under repurchase agreements	**-**	**-**	200.0	200.0

The following methods and assumptions were used in estimating the fair value of financial assets and liabilities :

- Cash, interbank and money market items (assets) - The carrying amount of cash, interbank and money market items approximates their fair value because most are exposed to negligible credit risk and are either short-term in nature or repriced frequently.

- Securities purchased under resale agreements - The carrying amount approximates fair value.

- Investments - Marketable trading and available-for-sale securities are fair value which is based on their market value. For non-marketable debt securities, the fair value is determined using the yield curve for government sector debt instruments adjusted by an appropriate risk factor. Other investments are valued based on their annual net asset value.

- Loans and accrued interest receivables - The carrying amount after allowance for doubtful account on the balance sheet date approximates fair value since most loans are repriced on a regular basis. However the fair value of the promissory notes issued by Radanasin Asset Management Company Limited as discussed in Note 8.1, is not determinable given the nature of the asset and the Bank's obligation to hold the notes to maturity.

- Deposits - The carrying amounts of deposits are considered to be a reasonable approximation of their fair value since most are repayable on demand and short-term in nature.

29. DISCLOSURE OF FINANCIAL INSTRUMENTS (Continued)

29.8 Fair values of financial assets and liabilities (Continued)

- Interbank and money market items (liabilities) - The carrying amounts of interbank and money market items, which are mostly short-term in nature and/or bear variable rates of interest, approximates their fair value at the balance sheet date.

- Liabilities payable on demand - The carrying amount approximates fair value.

- Securities sold under repurchase agreements - The carrying amount approximates fair value.

30. ECONOMIC ENVIRONMENT

Although Thailand's economic crisis has eased to a certain extent in the current year, financial restructuring within the business community is still prevalent and subject to readjustment. The residual effects of the crisis could affect the recoverable value of assets and the collection of loans and receivables. However, the financial statements reflect management's current assessment of the impact to date of the economic situation on the financial positions of the Bank. Actual results could differ from management's current assessments.

In addition, in January 2004 the Ministry of Finance proposed the Financial Sector Master Plan to the Cabinet. This Plan was drawn up in order to improve the efficiency of the financial sector, with categories and roles of financial institutions to be clearly defined. The Plan may have an impact on the financial sector in Thailand.

31. PRESENTATION

The presentation of the financial statements has been made in compliance with the requirement of the Notification of the Bank of Thailand relating to the format of the financial statements of commercial banks dated 10 May 2001.

Certain amounts in the financial statements, as presented herein for comparative purposes, have been reclassified to conform to the current year classification, with no effect on net loss or shareholders' equity previously reported by another auditor.

32. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Bank's directors.

The 10 Major Shareholders as at 31 December 2003

No.	Name of Shareholders	Amount of Shares	Percentage (%)
1	United Overseas Bank Limited	776,163,410	78.83
2	Financial Institutions Development Fund	208,409,296	21.17
3	Asset Management Corporation (AMC)	12,241	< 0.01
4	Beauty Angle Holding Company Limited	6,300	< 0.01
5	Sterling Satellite and Communications Limited	4,136	< 0.01
6	Raiser Estates Overseas Limited	3,551	< 0.01
7	Mr. Sutham Chansrichawla	3,482	< 0.01
8	Beautiful Sea View Company Limited	3,162	< 0.01
9	New Plant Company Limited	3,006	< 0.01
10	Thailand Securities Depository Company Limited For Depository	2,984	< 0.01

From the above table, United Overseas Bank Limited as one of the two major shareholders, nominates 4 Directors to the Board and one Managing Director & Chief Executive Officer. Financial Institutions Development Fund nominates 2 Directors to the Board (detail in the Board of Directors Information).

Company Name, Address, Type of Business, Telephone and Fax Number, Paid - up Capital Shares

Name	UOB Radanasin Bank Public Company Limited
Head Office	UOB Radanasin Bank Building, 690 Sukhumvit Road, Klongton, Klongtoey, Bangkok 10110
Type of Business	Banking
Telephone Number	+66 (0) 2620-2000
Facsimile Number	+66 (0) 2260-5310 to 11
Internet	http://www.uob-radanasin.co.th
Telex	20820 UOBR TH
SWIFT	RSBXTHBK
Registered Capital	Baht 9,846,657,470.00 Divided into Ordinary Shares 984,665,747 shares at par value of Baht 10.00 per share
Paid - up Capital	Baht 9,846,653,890.00 Divided into Ordinary Shares 984,665,389 shares at par value of Baht 10.00 per share

Reference Parties

1. Share Register	Thailand Securities Depository Co., Ltd 62 The Stock Exchange of Thailand Building 4, 6-7th Floor, Rachadapisek Road, Klongtoey, Bangkok 10110 Tel : +66 (0) 2229 -2800 Fax : +66 (0) 2359 -1262-63
2. Auditor	Ernst & Young Office Limited 33rd Floor, Lake Ratchada Office Complex 193/136-137 New Rachadaphisek Road, Bangkok 10110 Tel : +66 (0) 2264-0777 Fax : +66 (0) 2264-0790
3. Legal Advisor	HNP Legal Counsellors Ltd
4. Trustee	- NONE -
5. Other Advisor Under Management Contract	- NONE -

Benefits Received By The Board of Directors in 2003

Name	Total (Baht)			
	Board of Director	Executive Committee	Audit Committee	Total
Mr Wee Cho Yaw	600,000.00	0.00	0.00	600,000.00
Mr Wee Ee Cheong	300,000.00	0.00	0.00	300,000.00
Mr Gan Hui Beng	300,000.00	0.00	0.00	300,000.00
Mr Samuel Poon Hon Thang	300,000.00	0.00	0.00	300,000.00
Mr Lee Wai Fai	147,333.33	0.00	0.00	147,333.33
Ms Povongtip Poramapojn	480,000.00	0.00	0.00	480,000.00
Miss Prapai Arayarungsarit	480,000.00	0.00	360,000.00	840,000.00
Ms Kong Yim Pui	480,000.00	0.00	240,000.00	720,000.00
Ms Saowanee Suwannacheep	360,000.00	270,000.00	0.00	630,000.00
Dr Pongsak Hoontrakul	480,000.00	0.00	240,000.00	720,000.00
Mr Lee Chin Yong	148,666.67	0.00	0.00	148,666.67
Total	**4,076,000.00**	**270,000.00**	**840,000.00**	**5,186,000.00**

Executive Officers' Remuneration 2003

	Baht
Salary	21,210,000.00
Bonus	2,933,480.00
Allowance	5,880,000.00
Others	2,133,000.01
Total of Executive Officers' Remuneration	**32,156,480.01**

UNITED OVERSEAS BANK LIMITED
Singapore
Group Head Office
80 Raffles Place
UOB Plaza
Singapore 048624
Telephone : 65-6533-9898
Facsimile : 65-6534-2334
Internet : http://www.uobgroup.com
Cable : TYEHUABANK
Telex : RS21539 TYEHUA
SWIFT : UOVBSGSG

UOB RADANASIN BANK PCL.
Head Office
UOB Radanasin Bank Building, 690 Sukhumvit Road,
Klongton, Klongtoey, Bangkok 10110
PO Box 752 Phrakhanong Post Office,
Bangkok 10110, Thailand
Telephone : 66-0-2620-2000
Facsimile : 66-0-2260-5310 to 11
Telex : 20820 UOBR TH
SWIFT : RSBXTHBK
Internet : http://www.uob-radanasin.co.th

BANGKOK METROPOLITAN AREA

CENTRAL AREA
Sukhumvit Main Branch
UOB Radanasin Bank Building, 690 Sukhumvit Road,
Klongton, Klongtoey, Bangkok 10110
Telephone : 66-0-2620-4466 to 79
Facsimile : 66-0-2260-5312

Surawong Main Branch
289 Surawong Road, Si Phraya, Bangrak, Bangkok 10500
Telephone : 66-0-2233-9730 to 35
Facsimile : 66-0-2235-5208

Asoke Branch
163 Ratchapark Building, Sukhumvit 21 Road, Soi Asoke,
Klongtoey, Wattana, Bangkok 10110
Telephone : 66-0-2258-3259, 0-2258-3261, 0-2258-3263,
0-2258-3265, 0-2258-3268, 0-2258-3881
Facsimile : 66-0-2258-9552

Rajchaprarop Branch
120/126 Rajprarop Road, Thanon Phayathai, Rajchathewi,
Bangkok 10400
Telephone : 66-0-2656-3068, 0-2656-3071 to 72
Facsimile : 66-0-2251-0404

Rajchawong Branch
219 Rajchawong Road, Chakkawad, Samphanthawong,
Bangkok 10100
Telephone : 66-0-2221-7515, 0-2622-7388 to 90
Facsimile : 66-0-2622-7392

Silom 2 Branch
14 Silom Road, Suriyawong, Bangrak, Bangkok 10500
Telephone : 66-0-2632-8801 to 03, 0-2632-8805
Facsimile : 66-0-2632-8804

Thanon Asoke-Dindaeng Branch
729 Asoke-Dindaeng Road, Dindaeng, Dindaeng,
Bangkok 10400
Telephone : 66-0-2248-6934 to 37
Facsimile : 66-0-2248-6933

NORTHERN AREA
Bangbuathong Branch
28/33-35 Bangkruay-Sainoi Road, Sanoneloi,
Bangbuathong, Nonthaburi 11110
Telephone : 66-0-2920-2451 to 55
Facsimile : 66-0-2920-2450

Chaengwattana Branch
339 Villa Office Muangthongthani, Chaengwattana Road,
Bangpood, Parkkred, Nonthaburi 11120
Telephone : 66-0-2503-4940 to 43
Facsimile : 66-0-2503-4914

Future Park Rangsit Branch
161 Moo 2 Phaholyothin Road, Prachatipat, Tanyaburi, Pathumthani 12130
Telephone : 66-0-2958-0091 to 95
Facsimile : 66-0-2958-0096

Ngamwongwan Branch
120/21-23 Ngamwongwan Road, Bangkaen, Muang, Nonthaburi 11000
Telephone : 66-0-2580-0290 to 93, 0-2580-0295
Facsimile : 66-0-2580-0294

Nonthaburi Branch
121/2 Moo 4 Tivanon Road, Talad Khwan, Muang, Nonthaburi 11000
Telephone : 66-0-2527-4706, 0-2968-8586 to 88
Facsimile : 66-0-2968-8583

Senanikom Branch
126/19 Soi Senanikom, Phaholyothin 32 Road, Ladyao, Chatuchak, Bangkok 10900
Telephone : 66-0-2561-1054, 0-2561-3100, 0-2579-6248
Facsimile : 66-0-2579-9088

Thanon Ramintra Branch
1/22-25 Moo 21, Ramintra Road K.M.13, Minburi, Bangkok 10510
Telephone : 66-0-2918-7979, 0-2918-8282, 0-2918-8383
Facsimile : 66-0-2918-7997

EASTERN AREA

Huamark Branch
2945/1 Ramkhamhaeng Road, Huamark, Bangkapi, Bangkok 10240
Telephone : 66-0-2374-1374 to 77
Facsimile : 66-0-2732-2010

On Nuch Branch
847-849 Pornpailin Business Point, Soi On Nuch 17, On Nuch Road, Suanluang, Bangkok 10250
Telephone : 66-0-2742-5071 to 75
Facsimile : 66-0-2742-5070

Pattanakarn Branch
309/1-4 Pattanakarn Road, Pravet, Bangkok 10250
Telephone : 66-0-2322-0439, 0-2322-0441 to 43
Facsimile : 66-0-2322-0438

Si Yeak Sriwara Branch
573/139 Soi Ramkhamhaeng 39, Prachauthit Road, Wangthonglang, Wangthonglang, Bangkok 10310
Telephone : 66-0-2934-7941 to 44
Facsimile : 66-0-2934-7945

Thanon Sukhaphiban 3 Branch
198/3 Ramkhamhaeng Road (Sukhaphiban 3 Road), Huamark, Bangkapi, Bangkok 10240
Telephone : 66-0-2375-8725, 0-2375-8794, 0-2375-8799
Facsimile : 66-0-2375-8795

SOUTHERN AREA

Bangmod Branch
1/2 Moo 9 Rama II Road, Bangmod, Jhomthong, Bangkok 10150
Telephone : 66-0-2867-0203 to 05, 0-2867-0913, 0-2867-0915
Facsimile : 66-0-2867-0914

Bangplee Branch
89 Moo 9 Taeparak Road K.M.13, Bangpleeyai, Bangplee, Samutprakarn 10540
Telephone : 66-0-2752-4505 to 09
Facsimile : 66-0-2752-4504

Prachauthit Branch
459/15-17 Prachauthit Road, Rajburana, Bangkok 10140
Telephone : 66-0-2427-6512, 0-2428-0037, 0-2428-3653 to 55
Facsimile : 66-0-2427-1778

Srinakarin Branch
395/5 Moo 5, Srinakarin Road, Samrongnua, Muang, Samutprakarn 10270
Telephone : 66-0-2385-7312 to 15, 0-2385-7317
Facsimile : 66-0-2385-7316

WESTERN AREA

Bangkae Branch

455/9-11 Petchakasem Road, Bangkae, Bangkok 10160

Telephone : 66-0-2455-2091, 0-2455-2095, 0-2455-2097, 0-2455-2100

Facsimile : 66-0-2455-2108

Ratchada-Thaphra Branch

299 Hansawat Building, Ratchadapisek-Thaphra Road, Bookkalo, Thonburi, Bangkok 10600

Telephone : 66-0-2476-9945 to 49

Facsimile : 66-0-2476-9944

Thanon Krungthonburi Branch

77/2 Sinsathorn Tower, Krungthonburi Road, Klongtonsai, Klongsarn, Bangkok 10600

Telephone : 66-0-2440-0345 to 49

Facsimile : 66-0-2440-0350

PROVINCIAL AREAS

NORTHERN AREA

Chiangrai Branch

728 Uttrakit Road, Wiang, Muang, Chiangrai 57000

Telephone : 66-053-717-654 to 56, 053-717-659

Facsimile : 66-053-717-657

Chiangmai Branch

137 Huaikaew Road, Suthep, Muang, Chiangmai 50200

Telephone : 66-053-211-091 to 94, 053-212-006, 053-217-354

Facsimile : 66-053-211-095

NORTHERN-EAST AREA

Khonkaen Branch

81/1 Mittraparb Road, Naimuang, Muang, Khonkaen 40000

Telephone : 66-043-241-268, 043-241-613, 043-241-686, 043-242-547

Facsimile : 66-043-238-435

Nakhonratchasima Branch

551/29-31 Mittraparb Road, Naimuang, Muang, Nakhonratchasima 30000

Telephone : 66-044-251-050 to 54

Facsimile : 66-044-251-055

EASTERN AREA

Chonburi Branch

170/90-92 Sukhumvit Road, Bangplasoy, Muang, Chonburi 20000

Telephone : 66-038-279-005, 038-282-653 to 55

Facsimile : 66-038-279-004

SOUTHERN AREA

Hadyai Branch

167 Nipatuthit 3 Road, Hadyai, Songkla 90110

Telephone : 66-074-232-012, 074-232-120, 074-232-233, 074-232-483, 074-232-488

Facsimile : 66-074-232-556

Phuket Branch

60 Rassada Road, Taladnua, Muang, Phuket 83000

Telephone : 66-076-212-475, 076-212-540, 076-213-382 to 83, 076-216-542

Facsimile : 66-076-213-381

WESTERN AREA

Nakhonpathom Branch

45-46-47 Saiphra Road, Phrapathomjedee, Muang, Nakhonpathom 73000

Telephone : 66-034-219-236 to 37, 034-272-353 to 54

Facsimile : 66-034-257-504

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OUR CORE VALUES

We are guided by our four Core Values in all that we do.

INTEGRITY We maintain the highest standard - ethical, moral and legal - in all our dealing with our customers and with each other, without compromise.

TEAMWORK We work as a team in which everyone, even the most brilliant, is united to reach our personal and corporate goals through cooperation and mutual loyalty.

TRUST & RESPECT We earn the trust and respect of our customers and colleagues by being open, honest and honourable in all we say and do.

PERFORMANCE EXCELLENCE We strive to do better every day because we are committed to market leadership throughout our organisation and this will continue to guide our future growth and development.

ธนาคารยูโอบี รัตนสิน จำกัด (มหาชน)

UOB RADANASIN BANK PUBLIC COMPANY LIMITED

(A SUBSIDIARY OF UNITED OVERSEAS BANK LIMITED)

HEAD OFFICE:
690 UOB Radanasin Bank Building, Sukhumvit Road, Klongton,
Klongtoey, Bangkok 10110, Thailand
PO Box 752 Phrakhanong Post Office, Bangkok 10110, Thailand

Tlelphone +66 (0) 2620-2000
Facsimile +66 (0) 2260-5310 to 11
Telex 20820 UOBR TH
SWIFT RSBXTHBK
Website http://www.uob-radanasin.co.th